Alberta Heritage Savings Trust Fund
1984-85 Annual Report

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Alberta
TREASURY

Hon. Lou Hyndman
Provincial Treasurer

A.J. McPherson
Deputy Provincial Treasurer — Finance and Revenue

Additional copies of this annual report and copies of the future quarterly reports on the Alberta Heritage Savings Trust Fund may be obtained by writing:

Heritage Fund Reports
434 Terrace Building
Edmonton, Alberta T5K 2C3

or by telephoning (403) 427-9957

Highlights of 1984-85

The Heritage Fund's investments earned net income of $1.575 billion.

All this income was channelled to the government's day-to-day operating account to help pay for services to our citizens. To raise this amount of revenue, Alberta would have had to introduce a 7 per cent sales tax or double personal income tax receipts.

From September 1982 to March 31, 1985, the Heritage Fund has contributed $3.9 billion to budgetary revenues. By keeping taxes low the Heritage Fund has helped to create and sustain jobs.

During the year, the Heritage Fund's $228 million in support for capital projects helped create jobs for Albertans.

Over $260 million in financing for Crown corporations generated economic activity throughout Alberta.

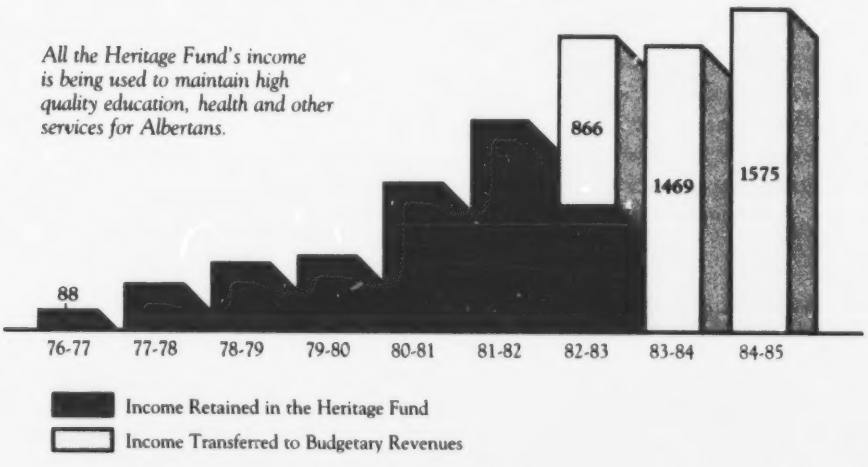
Investments of over $200 million were made in projects for the direct benefit of Alberta's agricultural sector.

The Prince Rupert Grain Terminal began receiving and shipping grain.

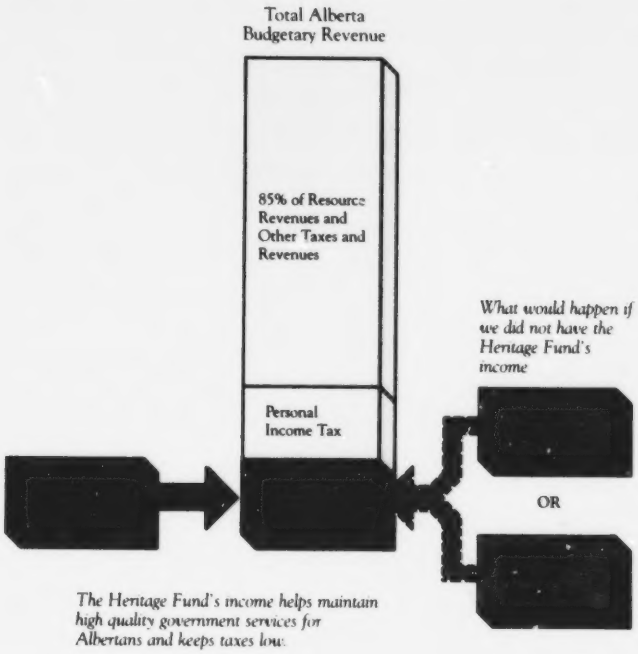
An important step in the development of Alberta's electronics industry was taken with funding provided for an Electronics Test Centre.

The commitment to saving continued with the transfer of 15 per cent of oil and gas revenues ($737 million) to the Heritage Fund.

Heritage Fund Investment Income
(millions of dollars)

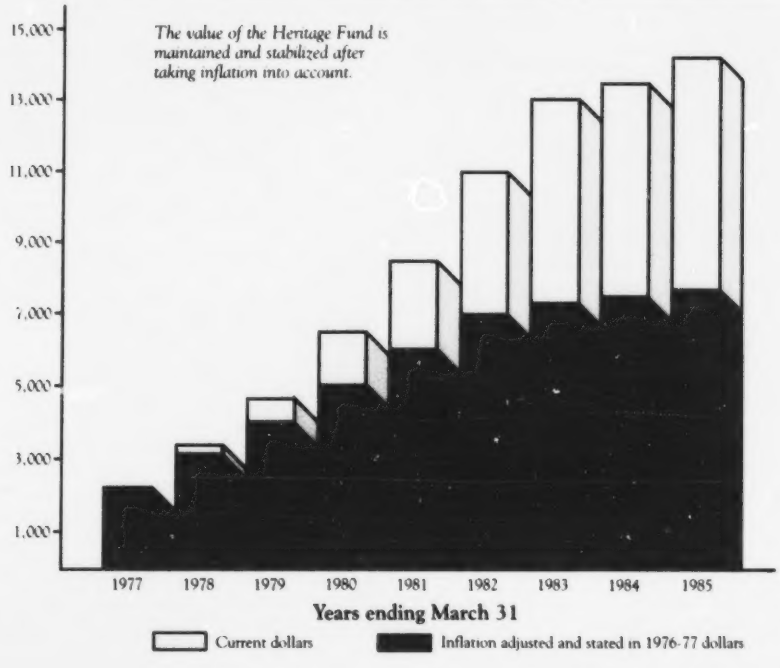


Heritage Fund Contribution to Budgetary Revenues in 1984-85


Total Alberta Budgetary Revenue
85% of Resource Revenues and Other Taxes and Revenues
Personal Income Tax
What would happen if we did not have the Heritage Fund's income
OR
The Heritage Fund's income helps maintain high quality government services for Albertans and keeps taxes low.

Alberta Heritage Savings Trust Fund Assets

(millions of dollars)



Provincial Treasurer's Report

The Alberta Heritage Savings Trust Fund helped to keep taxes down, maintain highest quality "people services" and provide jobs for Albertans throughout 1984-85, its ninth year of operations.

Once again, the Heritage Fund's entire investment income of $1,575 million was used to help pay for health care, education, child welfare, senior citizens' programs, parks and other ongoing government services as well as to assist in meeting special budgetary needs such as job creation, manpower training and increased funding for post-secondary students.

To maintain these services without the Heritage Fund's income, Alberta would have had to introduce a seven per cent sales tax or to double personal income tax receipts. By keeping taxes down and by helping to maintain quality services for our people, the Heritage Fund works to create jobs and sustain employment now, fosters a favourable environment for investment, and builds consumer confidence.

Heritage Fund investments assist the long term growth and vitality of Alberta's agricultural industry. The Fund has invested $129 million in the newly opened Prince Rupert Grain Terminal to improve the flow of Alberta grain to Pacific markets. This year, a further $127 million was invested in the Alberta Agricultural Development Corporation with special emphasis on beginning farmers. Major irrigation projects were funded. More support was made available for the comprehensive "Farming For The Future" research program. As well, the opening of the unique, new Food Processing Development Centre will help spur the upgrading of more of our agricultural products here in Alberta.

Jobs are being created and jobs are being sustained by the Heritage Fund's capital project investments and by the high quality government services and low taxes maintained by the use of its investment income. This is the clearest possible illustration of the wisdom of establishing a Heritage Savings Trust Fund in 1976.

As it has done over the past eight years, the Heritage Fund continued to broaden Alberta's economic horizons. Our emerging electronics industry will have a testing facility when the Electronics Test Centre begins operations later this year. This technology diversification thrust will

continue in 1985-86 as work begins on Fund-supported microchip design and fabrication facilities.

The energy industry will continue to gain from the commercialization of new technologies developed with Heritage Fund dollars through the Alberta Oil Sands Technology and Research Authority.

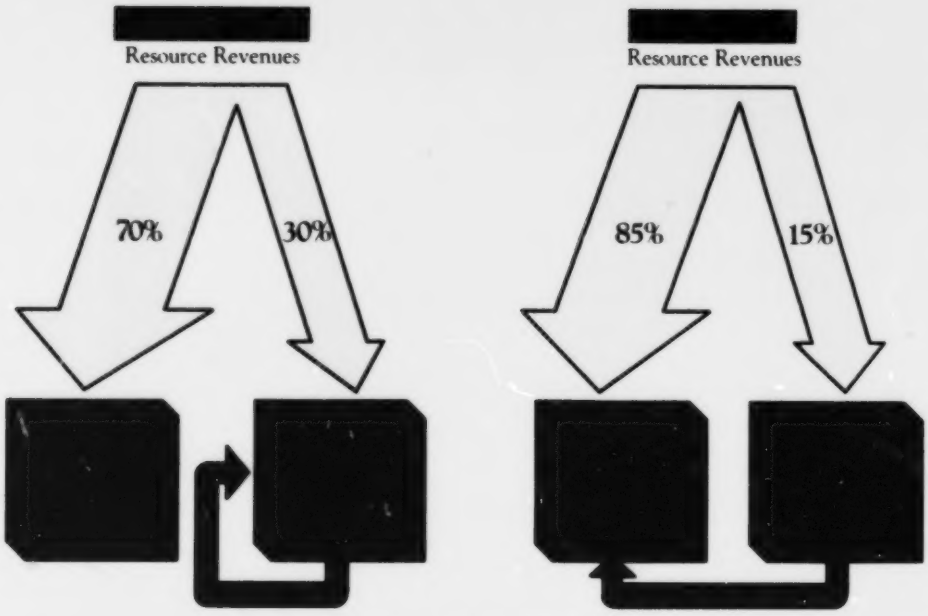
Because there is a Heritage Fund, the vital small business sector of the economy has available the major financing capacity and expertise of both the Alberta Opportunity Company and Vencap — the new venture capital corporation which operates at arm's length from the government.

More information on how these many investments are working to help create jobs and opportunities for Albertans can be found throughout this Annual Report.

The Alberta Heritage Savings Trust Fund symbolizes our commitment to an old fashioned "saving for a rainy day" philosophy. It is accelerating and broadening the economic recovery now clearly occurring in Alberta. It signals fiscal responsibility, prudent financial management, stability for investors, and sustained growth over the long term for our province.

Lou Hyndman
Provincial Treasurer
July, 1985

How the Heritage Fund Works



In 1984-85 the Heritage Fund's only source of new funds for investment was the 15 per cent transfer of resource revenues.

What is the Alberta Heritage Savings Trust Fund?
It is a savings account held in trust for generations of Albertans by their government. Created in 1976, it has been built up by setting aside a portion of the non-renewable resource revenues that the province receives from our oil, natural gas and coal resources.

Why does Alberta need a Heritage Fund?
Our resource revenues pay about half of the bill for government services, a much higher proportion than in other provinces.

Our oil and gas resources cannot be continuously replaced like forests, running water or grain crops. As well, the revenues from these energy resources can fluctuate for reasons beyond our control; international markets establish oil and gas prices and demand. So it is vital that a portion of these revenues be saved and prudently invested.

As well as savings, the Heritage Fund has two other objectives:

1. To strengthen and diversify the economy and thereby place the province on a more solid footing to face future challenges.
2. To improve the quality of life of Albertans now and in the future.

Who decides how much is saved in the Heritage Fund?
Each year, after debate, the Legislature decides how much resource revenue will be transferred to the Heritage Fund. In earlier years, this transfer was 30 per cent. In 1983-84, the transferred amount was reduced to 15 per cent of oil and gas revenues so that the Heritage Fund could help shield Albertans from the problems of the economic downturn.

Since September 1982, the Legislature has also directed that all of the Fund's investment income be diverted to general revenues to keep taxes down and help pay for government services.

What kinds of investments can the Heritage Fund make?
The Heritage Fund consists of five Investment "Divisions" and a portfolio of marketable securities. Different types of investments are permitted under each Division. See the table that follows.

Who decides what investments are made?
Accountability for decisions comes through the Legislative Assembly, the Investment Committee (the Provincial Cabinet) and the Provincial Treasurer.

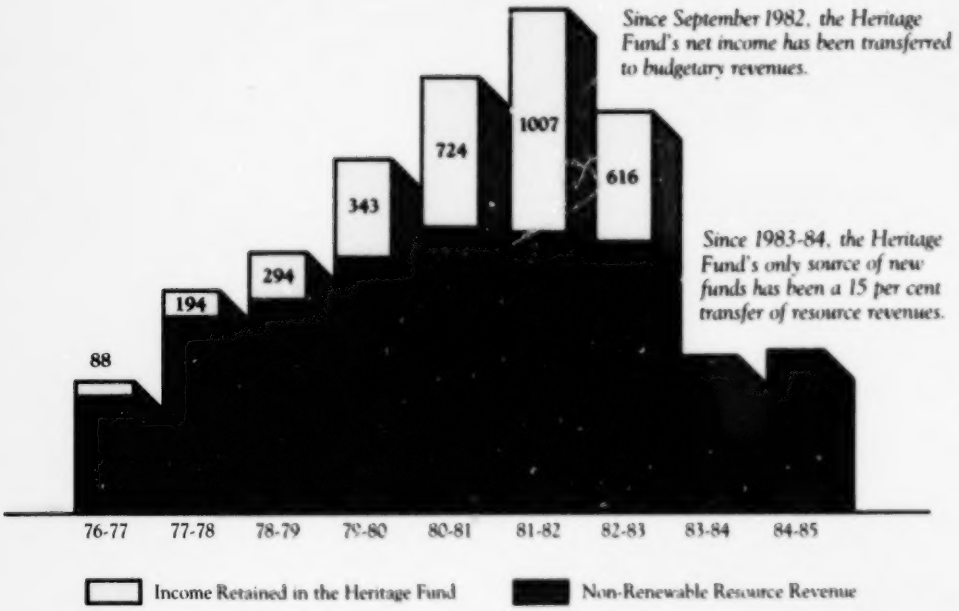
There is also a Select Standing Committee consisting of 15 Members of the Legislative Assembly. They scrutinize the Annual Report of the Heritage Fund, question Ministers responsible for investments, and make recommendations concerning the Fund's operations including alternative investments.

The Heritage Fund's Investment Divisions

Division	What the Investments Must Do	Investments Permitted	Who Must Approve an Investment
Capital Projects Division	Provide long term economic or social benefits to the people of Alberta. Projects may not necessarily by their nature yield a return.	The Division is limited to 30 per cent of the Fund's assets. Investments include capital projects, endowment funds for medical research and scholarships, and agricultural and oil sands research, etc. Amounts expended on projects are deemed to be assets of the Fund.	Funds are appropriated to each project annually by the Legislature after debate.
Alberta Investment Division	Strengthen or diversify the economy of Alberta. Yield a reasonable return or profit.	Investments may be in the form of debt or equity. There is no limitation on the size of the Division. Investments include debentures of provincial Crown corporations, corporate debentures, and equity holdings.	Each investment must be approved by the Investment Committee or by a legislative resolution. A legislative resolution is required to approve the annual maximum investment in each provincial Crown corporation.
Energy Investments Division	Facilitate the development, processing or transportation of energy resources within Canada. Yield a reasonable return or profit.	Investments may be in the form of debt or equity. There is no limitation on the size of the Division. No new investments made in 1984-85.	Each investment must be approved by the Investment Committee or by a legislative resolution.
Canada Investment Division	Make loans to other provincial governments and their agencies. Yield a reasonable return or profit.	The Division is limited to 30 per cent of the Fund's assets. Lending activity was suspended in March 1982.	Each investment must be approved by the Investment Committee or by a legislative resolution.
Commercial Investments Division	Yield a commercial return or profit.	A wide range of securities, including common stocks are permitted. Guidelines limit investment in common shares of any one Canadian corporation to no more than five per cent of the shares outstanding.	The Investment Committee has delegated authority to the Provincial Treasurer to make day to day investments within guidelines it has approved.
Deposits and Marketable Securities (Section 10)	Invest funds not immediately required for other divisions. Yield a market return.	Short term money market securities, marketable bonds and deposits in the Consolidated Cash Investment Trust Fund.	Provincial Treasurer is authorized to make investments.

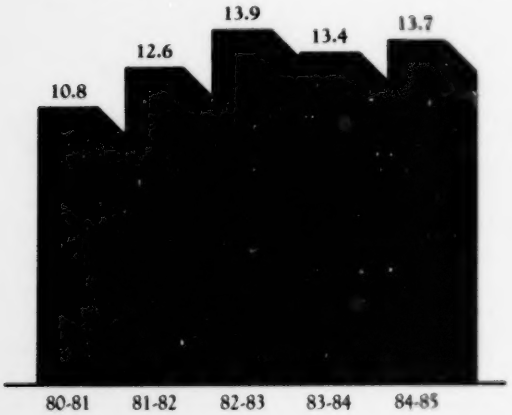
Chairman
K. Kowalski *Barrhead*

Members
K. Alexander *Edmonton Whitemud*
R. Cook *Edmonton Glengarry*
S. Cripps *Drayton Valley*
J. Gogo *Lethbridge West*
J. Gurnett *Spirit River/Fairview*
A. Hyland *Cypress*
H. Kroeger *Chinook*
R. Martin *Edmonton Norwood*
R. Moore *Lacombe*
E. Musgreave *Calgary McKnight*
S. Nelson *Calgary McCall*
R. Speaker *Little Bow*
J. Thompson *Cardston*
B. Zip *Calgary Mountain View*



Rates of Return and Yields on Investments

Heritage Fund investments continue to earn an excellent rate of return.



	Rate of Return on Amortized Cost	Yield to Maturity on Amortized Cost of Fixed Income Securities
	(%)	(%)
Canada Investment Division	13.2	13.1
Alberta Investment Division	14.3	14.3
Energy Investment Division	14.6	14.6
Commercial Investment Division	6.2[a]	10.7[b]
Deposits and Marketable Securities	11.5	10.6
	13.7	**13.6**

[a] Does not include the unrealized appreciation in market value of shares.
[b] Money market securities only.

Where the Funds Come From

Where does the money in the Heritage Fund come from?
The province receives non-renewable resource revenue primarily as royalties on the production of oil and natural gas it owns and from the sale of Crown leases.

The Heritage Fund received 15 per cent of these revenues in 1984-85 amounting to $737 million.

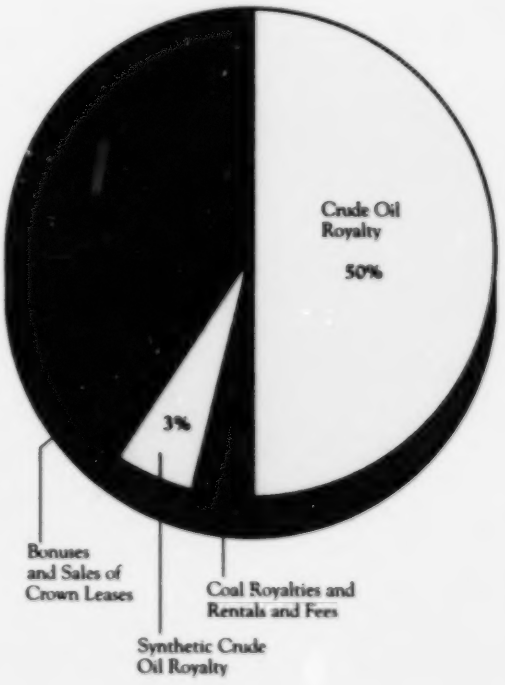
Where do the remaining oil and gas revenues go?
The remaining 85 per cent form a significant part of the province's general budgetary revenues and along with taxes and other revenues are used to fund health, education, social services, and other government services for Albertans.

Does the Heritage Fund receive money from a gasoline tax?
No; Alberta *does not* have a retail tax on gasoline. The Fund has never received revenue from this source.

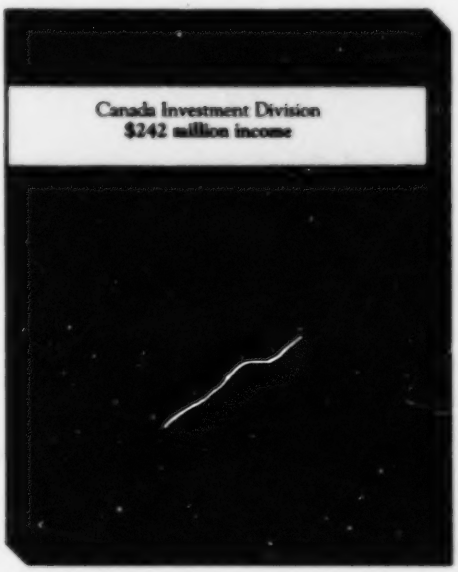
What happens to the income the Heritage Fund earns on its investments?
During 1984-85, the Heritage Fund earned net income of $1,575 million on its investments. All of these earnings were transferred to the province's general revenues to help continue the delivery of high quality services to Albertans.

Which investments provided most of the Heritage Fund's income in 1984-85?
The Alberta Investment Division, established for the purpose of strengthening and diversifying Alberta's economy as well as earning a return, contributed 73 per cent of the Fund's net income. The second largest contributor to income, the Canada Investment Division, provided 15 per cent.

Heritage Fund revenues come mainly from the oil and gas resources owned by all the people of Alberta. They do not come from a gasoline sales tax, as Alberta has no gasoline sales tax.



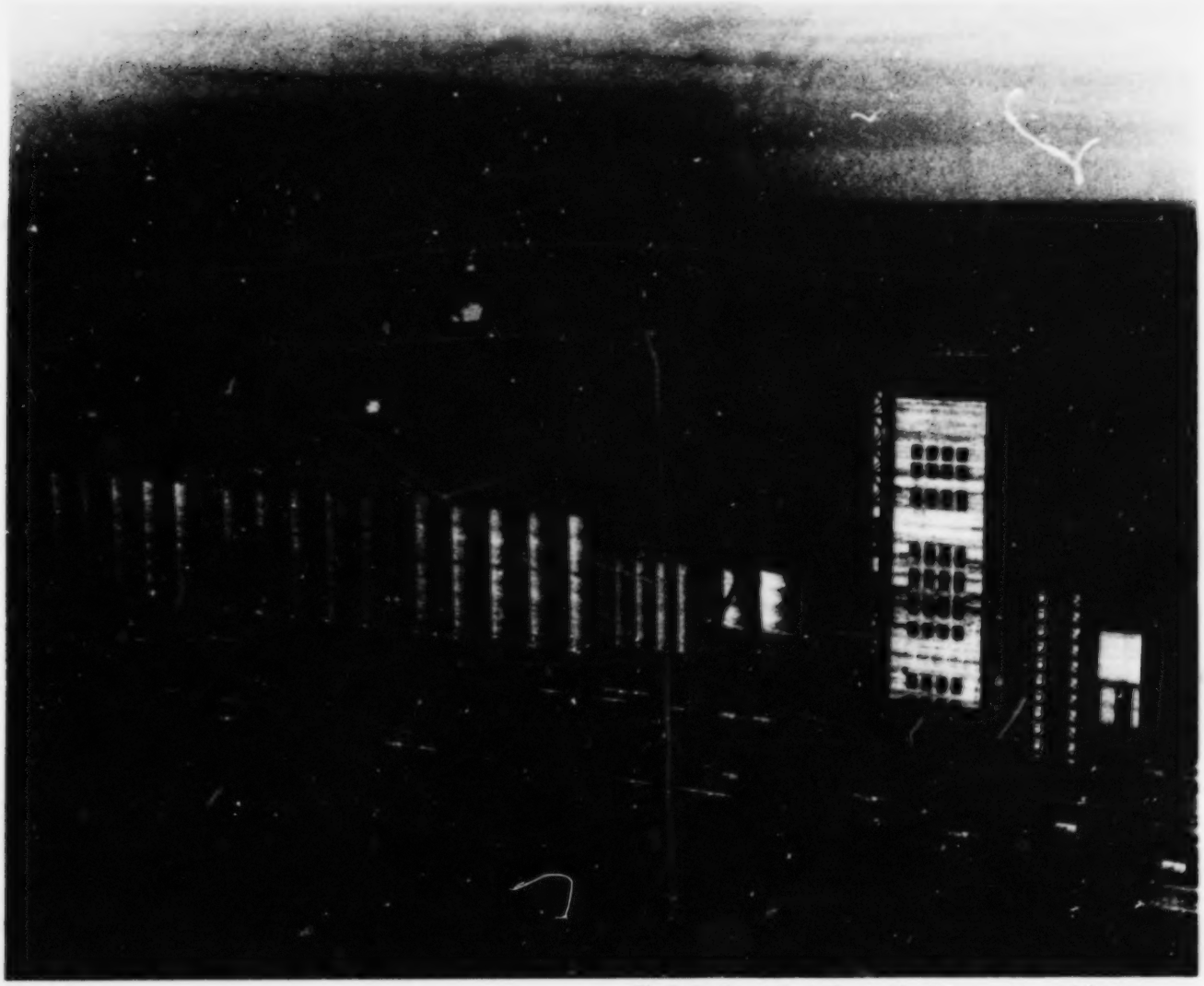
The Heritage Fund earned a total net income of $1,575 million in 1984-85 from all of its divisions.



*Includes Commercial, Energy and Capital Projects Divisions less administrative expenses.

Agriculture

Agriculture is a vital part of the economic fabric of the province, contributing billions of dollars annually to Alberta's total output of goods and services. To reflect agriculture's key role in the economy and to complement programs provided through the government's regular budget, the Heritage Fund continues to dedicate hundreds of millions of dollars for loans to young farmers, agricultural research, food processing development, irrigation, the Prince Rupert Grain Terminal and other investments.



The Prince Rupert Grain Terminal has begun receiving and shipping grain. When fully operational, this computerized terminal will be able to handle 3.5 million tonnes (3.9 million tons) of grain annually.

The New Prince Rupert Grain Terminal
(Alberta Investment Division)

The Prince Rupert Grain Terminal was officially opened on May 16, 1985 and has started receiving and shipping grain. The terminal will increase the ability of Alberta farmers and other western provinces to market their grain in the Pacific Rim by easing the load on southern rail routes to the west coast and by providing an ultra-modern grain terminal at an uncongested port. When operating at full capacity, this Heritage Fund terminal will boost Canada's grain export potential from the Pacific coast by about 20 per cent.

The terminal is operated by Prince Rupert Grain Ltd., a consortium of six major western Canadian grain handlers. The Heritage Fund's investment is in the form of first mortgage bonds — and the Fund's return will take the form of annual interest plus a share in the net cash flow of the project. In addition to the significant investment by the Heritage Fund, financing has been provided by members of the consortium and from the province's general revenues.

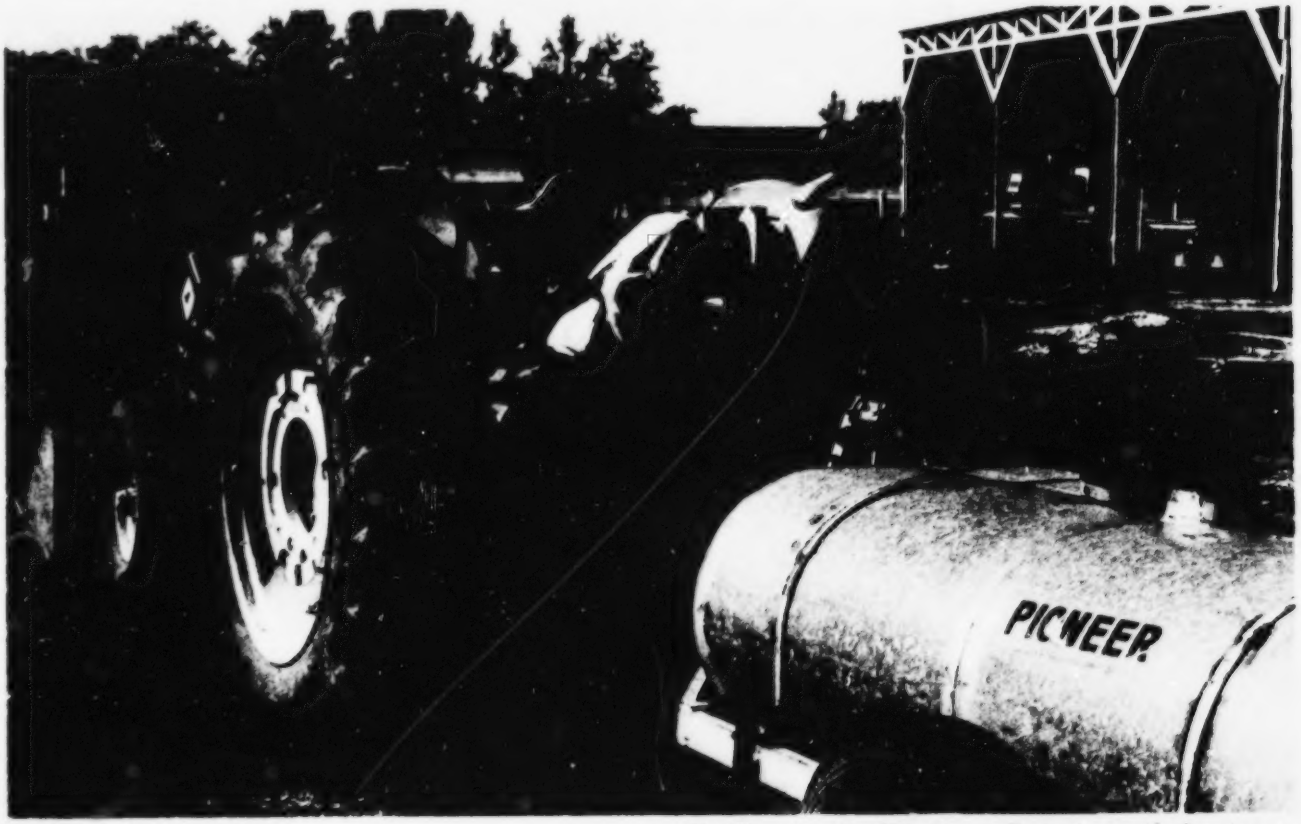
Investment in 1984-85:	$13 million
Investment at March 31, 1985:	$129 million

Alberta Agricultural Development Corporation
(Alberta Investment Division)

Through loan and loan guarantee programs, the Corporation helps maintain and strengthen the family farm and encourage the processing within Alberta of our agricultural products — key elements of a strong agricultural sector for the future. Direct farm loans are made at preferred rates of interest and most borrowers are eligible for incentive rebates of part of their interest costs ranging from three to six per cent for the first five years of their loans.

In 1984-85, the Corporation made 896 loan commitments totalling $109 million under its Beginning Farmer Program as well as other loans to assist more established farms to expand and improve their productivity. The Corporation also provided $88 million in loan guarantees to Alberta farmers and agribusinesses.

Investment in 1984-85:	$127 million
Investment at March 31, 1985:	$955 million



The Alberta Agricultural Development Corporation provides financing to farmers to ensure the continued competitive strength of agriculture in Alberta.

The concrete sides of an irrigation canal in the Taber Irrigation District were extended to increase the capacity of the canal through the Irrigation Rehabilitation and Expansion program.

Rail Hopper Cars
(Capital Projects Division)

In support of the Alberta government's strong commitment to the agricultural sector, 1,000 hopper cars were acquired between 1980 and 1982. In conjunction with the new Prince Rupert Grain Terminal, the cars continue to assist our farmers by increasing the grain carrying capacity of the railway system.

Investment at March 31, 1985: $54 million

Irrigation Rehabilitation and Expansion
(Capital Projects Division)

Through this project, Alberta's 13 Irrigation Districts receive assistance to help cover the costs of planning, rehabilitating and expanding their irrigation distribution systems. This will help to ensure the efficient delivery of water to irrigated land and the reclamation of salinized land. Combined with Alberta Environment's Irrigation Headworks and Main Irrigation Systems Improvement program and the Oldman River Dam, the long term objective of this project is to increase Alberta's irrigable land by more than 50 per cent to 600 000 hectares (1.5 million acres) by 1995.

Investment in 1984-85: $25 million
Investment at March 31, 1985: $152 million

Food Processing Development Centre
(Capital Projects Division)

Officially opened in December 1984, the Centre, located in Leduc, will assist the private sector to expand the opportunities for the processing of Alberta's agricultural products. It offers the food industry and researchers an Alberta facility for the development of new products, new processes and new packaging systems. Equipment and ingredients are evaluated under controlled conditions and small food lots can be prepared for test marketing.

Investment in 1984-85:	$0.8 million
Investment at March 31, 1985:	$7 million

Grazing Reserves Development
(Capital Projects Division)

This multi-year project is aimed at diversifying and stabilizing the agricultural economies of central and northern Alberta. Beginning farmers and those with limited land can use public reserves for livestock grazing, thereby releasing their lands that are suitable for cereal crop production. All development is carried out by private contractors and involves the clearing of bush land and the establishment of tame forages.

Investment in 1984-85:	$4 million
Investment at March 31, 1985:	$28 million

Farming For The Future
(Capital Projects Division)

1984-85 was the seventh year of this highly successful research program. By supporting research as well as on-farm demonstration projects, the Farming For The Future program improves net farm income and the long term viability of the agricultural industry in Alberta.

Investment in 1984-85:	$5 million
Investment at March 31, 1985:	$30 million

Over 100 individual agricultural research projects, supported by Farming For The Future, are helping to improve the long term viability of the Alberta agricultural industry.

Broadening Alberta's Economic Horizons — Jobs

An objective of the Heritage Fund is to diversify the Alberta economy by building on our basic strengths and broadening the depth and range of our economy.

Funding for projects and corporations described below has helped to widen Alberta's economic horizons. These investments have made more secure the jobs Albertans have today. Direct and indirect new jobs are also created throughout the province.

Electronics Test Centre
(Capital Projects Division)

During 1984, the Legislature approved capital funding for an Electronics Test Centre to be located at the new Alberta Research Council facility in Edmonton. The Centre will provide our growing electronics industry with a facility here in Alberta for the testing and design evaluation of products as well as assistance in product development. Some services will be available in the summer of 1985.

Investment in 1984-85:	$4 million
Investment at March 31, 1985:	$4 million

Vencap Equities Alberta Ltd.
(Capital Projects Division)

In operation since the fall of 1983, Vencap provides equity-linked capital for business activities that it assesses as beneficial to Alberta's long term economic development. A widely held shareholder owned corporation with private sector directors, Vencap operates at arm's length from the government. The return on the Heritage Fund's investment is in the form of a percentage participation in Vencap's profit each year.

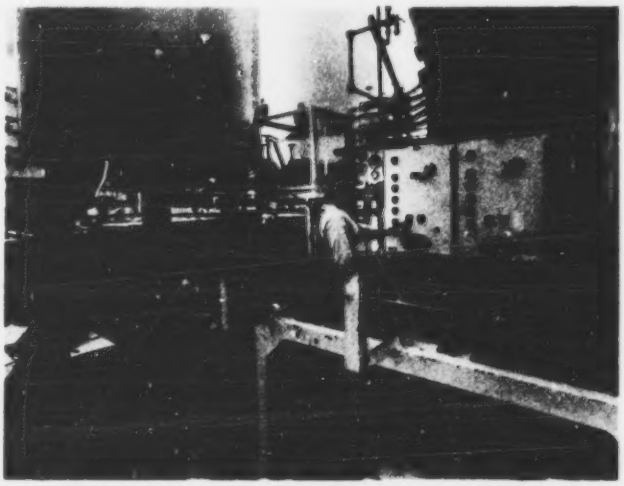
Investment at March 31, 1985:	$200 million

Alberta Oil Sands Technology and Research Authority (AOSTRA)
(Capital Projects Division)

Through AOSTRA, the Heritage Fund is helping to ensure that Alberta has a strong energy industry with good prospects for the future. In operation for 10 years, AOSTRA helps develop technology to recover and process oil from Alberta's oil sands and heavy oil deposits and to increase production from Alberta's conventional oil reserves. It supports research activities and enters into joint ventures with industry in field pilot projects. AOSTRA's activities are producing results as technology developed with its support is now being applied in commercial production.

Investment in 1984-85:	$50 million
Investment at March 31, 1985:	$301 million

The computerized testing facility at the Electronics Test Centre can co-ordinate the controls of a variety of instruments during the safety testing of new electronic products.

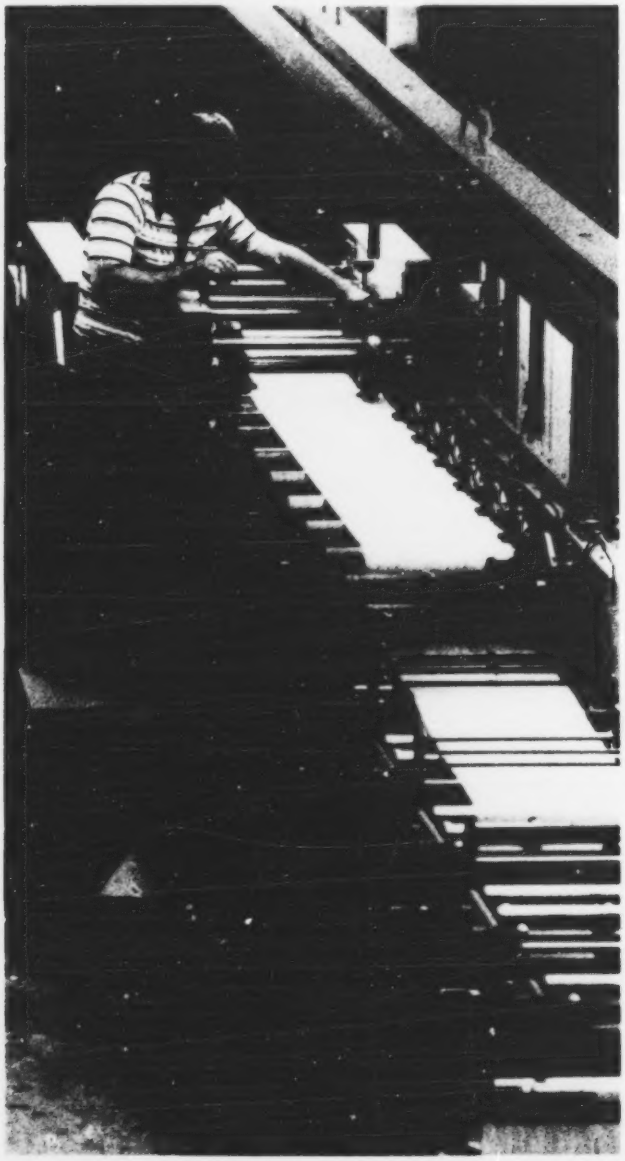


At Marguerite Lake in the Cold Lake region, the use of oxygen injection to extract oil from heavy oil deposits is one example of the many experimental pilot projects conducted jointly by AOSTRA and private industry.

Alberta Opportunity Company
(Alberta Investment Division)

The Alberta Opportunity Company provides loans, loan guarantees and financial guidance to small businesses. Loans are extended on a "lender of last resort" basis with priority given to businesses located outside major centres. In 1984-85, the Company made 277 loan and 15 guarantee commitments; its direct lending activity totalled $27 million.

Investment in 1984-85: $35 million
Investment at March 31, 1985: $167 million



The Alberta Opportunity Company helped broaden the range of our economy by financing the start-up of this Alberta manufacturer of business forms.

Syncrude
(Alberta Investment Division)

In 1984-85, the Fort McMurray based Syncrude Project produced 6.2 million cubic metres (38.9 million barrels) of synthetic crude oil or about seven per cent of Canada's oil production. This production level was 11 per cent higher than the previous year even though the plant operated at reduced capacity for about four months following a fire in August 1984.

Syncrude's five year capital investment program, totalling $1.6 billion, will increase the plant's capacity to 21 900 cubic metres (138,000 barrels) of synthetic crude oil a day. Construction is on schedule for completion in 1987.

During 1984-85, the Fund's 16.74 per cent participation in the Syncrude Project earned a net profit of $86.5 million compared to $61.5 million in 1983-84.

Investment at March 31, 1985: $439 million

Alberta Energy Company Ltd. (AEC)
(Alberta Investment Division)

Established to encourage Albertans and other Canadians to participate in the development of energy and other natural resources, AEC has 50,000 shareholders, the majority in Alberta. AEC's activities include oil and gas exploration and development and investments in Syncrude, pipelines, forest products, steel and coal.

During 1984-85, the Heritage Fund received $5.7 million in dividends from its investment in AEC.

After the year-end, in April 1985, the Heritage Fund sold 6.2 million common shares having a market value of $125 million to AEC for cancellation. As a result, the proportion of outstanding common shares owned by the province moved from 45 per cent to 37 per cent.

Investment at March 31, 1985 (at cost): $77 million

Alberta Municipal Financing Corporation
(Alberta Investment Division)

This Crown Corporation's loans are an economical source of long term capital financing for Alberta's municipalities, school systems and hospital districts. During 1984-85, the Corporation's new lending was financed by borrowing from the Canada Pension Plan Investment Fund and in the Canadian market.

Investment at March 31, 1985: $1,454 million

Alberta Government Telephones Commission
(Alberta Investment Division)

Alberta Government Telephones provides high quality local, long distance, data and mobile communication services to Albertans. The Commission has financed its activities with funds borrowed in the Canadian market since 1983-84.

Investment at March 31, 1985: $1,471 million

Airport Terminal Buildings
(Capital Projects Division)

Over the six year period ending March 31, 1984, facilities were completed in 18 Alberta communities. By constructing new air terminals or upgrading existing facilities, this Heritage Fund project developed an important link in the infrastructure serving the economic and other needs of Alberta's smaller centres.

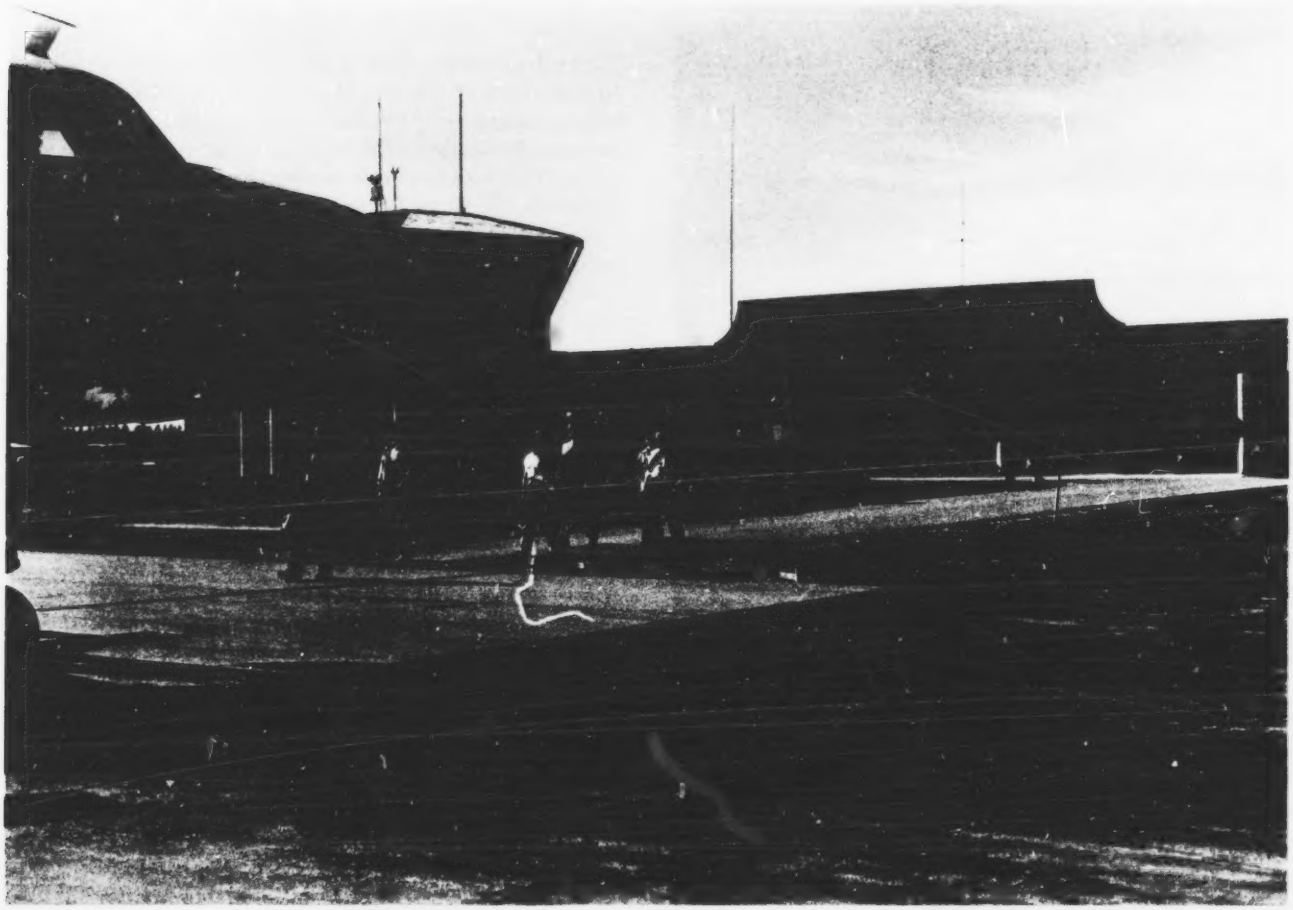
Investment at March 31, 1985: $16 million

Other Corporate Securities
(Alberta Investment Division;
Energy Investment Division)

In 1984-85, investments were made through the Alberta Investment Division in two Alberta based banks. The Heritage Fund purchased $1.6 million in common shares or four per cent of the equity of the new Bank of Alberta, and $50 million in certificates of deposit of Northland Bank.

Investments made in previous years include, among others, debentures of Luscar Ltd. held under the Energy Investment Division.

Investment in 1984-85: $52 million
Investment at March 31, 1985: $109 million



This new airport terminal at Lloydminster will help to improve the city's accessibility within Alberta and its economic development.

Health Care

The Heritage Fund is helping to ensure that Albertans of all ages have access to high quality health care by funding facilities that are among the finest in North America. These special projects are in addition to the annual health expenditures in excess of $2 billion made through the province's budget.

Walter C. Mackenzie Health Sciences Centre
(Capital Projects Division)

Located at the University of Alberta in Edmonton, this state-of-the-art health centre has been designed to integrate health care, teaching and research, while providing for the physical and emotional well-being of patients. The 290 bed first phase was opened in October 1982 and is now fully occupied. Construction on the second phase, with 553 beds, continues on schedule. When completed, the 167 000 square metre (1.8 million square foot) centre will replace the existing University of Alberta Hospital.

Investment in 1984-85: $44 million
Investment at March 31, 1985: $312 million

Alberta Children's Provincial General Hospital
(Capital Projects Division)

This hospital, located in Calgary, became operational in 1980-81 and was fully completed in 1983-84. The facility provides for the diagnostic assessment and treatment of children on both an in-patient and out-patient basis. The hospital has a school for children with complex health problems whose educational needs, either on a short or long term basis, cannot be met in community schools.

Investment at March 31, 1985: $40 million

Tom Baker Cancer Centre and Special Services Facility
(Capital Projects Division)

This multi-component facility, located adjacent to the Foothills Provincial General Hospital in Calgary, was opened for patient care in the fall of 1981 and was fully completed in 1984. Its major components include an auxiliary hospital, a cancer centre, a Provincial laboratory, special services, a hostel unit and a day service centre. It is serving as a referral centre for all of southern Alberta and as an acute care centre for northwest Calgary.

Investment at March 31, 1985: $93 million

The Walter C. Mackenzie Health Sciences Centre combines state-of-the-art health care with individual consideration for the patient's well-being.

Medical Research

Heritage Fund support is helping to develop Alberta into a world centre for medical research. The programs described here allow talented Albertans to pursue research in the forefront of their fields at home and also attract outstanding medical researchers to Alberta from elsewhere.

Alberta Heritage Foundation for Medical Research Endowment Fund
(Capital Projects Division)

This endowment fund to support medical research was set up in 1979-80 with $300 million appropriated from the Heritage Fund. Its investment earnings are available to the Alberta Heritage Foundation for Medical Research which applies them to a wide range of research programs, both pure and clinical.

Investment at March 31, 1985: $300 million

Applied Cancer Research
(Capital Projects Division)

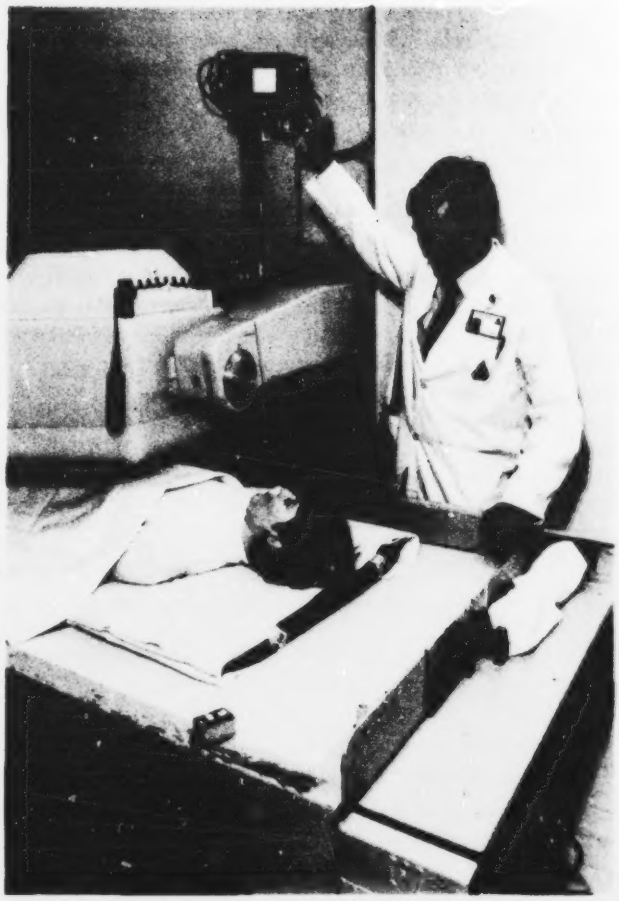
The Heritage Fund has now assisted the Alberta Cancer Board to conduct cancer research for nine years. By supporting both clinical and pure research, a vast body of knowledge about the causes, diagnosis and treatment of cancer has been gathered. This program has helped Alberta attract an internationally renowned group of scientists.

Investment in 1984-85: $4 million
Investment at March 31, 1985: $25 million

Applied Heart Disease Research
(Capital Projects Division)

Through this project, the Heritage Fund supported applied cardiac research for five years. Proven cardiac programs developed as a result of this research are now being funded through the government's regular budget.

Investment at March 31, 1985: $29 million



At the Cross Cancer Institute monoclonal antibodies are used to diagnose cancer and to identify drugs for therapy. This work is supported by the Alberta Heritage Foundation for Medical Research.

Environment

By building on our natural assets and ensuring that our environment is respected, these Heritage Fund projects improve our quality of life, boost economic development, and create job opportunities for Albertans today.

The new Monarch Branch of the Lethbridge Northern Irrigation District Main Canal greatly improves the supply and delivery of water to farmland northwest of Lethbridge.

Irrigation Headworks and Main Irrigation Systems Improvement
(Capital Projects Division)

Existing irrigation headworks and delivery systems are being rehabilitated, upgraded or replaced through the multi-year support provided by the Heritage Fund. In combination with Alberta Agriculture's Irrigation Rehabilitation and Expansion program and the recently announced Oldman River Dam, this program is an integral part of our broad water management policy.

In the past year, construction continued to enlarge and rehabilitate the Lethbridge Northern Irrigation District Headworks and Main Canal and the St. Mary River Irrigation District Main Canal. Reservoirs were also completed in both the Eastern and Bow River Irrigation Districts. As well, works constructed to improve water supplies in the region southeast of Drumheller became operational.

Investment in 1984-85:	$44 million
Investment at March 31, 1985:	$201 million

These bulldozers are removing sludge from the Grande Cache lagoon as part of the Land Reclamation program.

Land Reclamation
(Capital Projects Division)

Work under this project has concentrated mainly on abandoned garbage dumps, sewage lagoons, gravel pits and mine sites throughout Alberta. The program's main objective is to reclaim land disturbed by municipal operations and by industrial and commercial activities prior to 1963 when legislation was enacted requiring the operator to assume responsibility for reclamation. Research projects into improved land reclamation methods are also supported.

Investment in 1984-85:	$3 million
Investment at March 31, 1985:	$24 million

Paddle River Basin Development
(Capital Projects Division)

A major component of Alberta's water management program is to control the flooding of the Paddle River and to provide an assured water supply for the area. To achieve this, a 30 metre (98 foot) high dam on the river's upper reaches has been constructed. Associated works include dykes, flood free road systems, and channel improvements in the flood plain area. The resulting reservoir will also create recreational opportunities.

Investment in 1984-85:	$4 million
Investment at March 31, 1985:	$40 million

Millions of seedlings were planted in 1984-85 under the Maintaining Our Forests project to help keep Alberta's coniferous forests in good condition.

Maintaining Our Forests
(Capital Projects Division)

With the goal of re-establishing and improving the productivity of coniferous forests damaged by fire, industrial and other non-forestry uses, over 8 100 hectares (20,000 acres) were planted with seedlings during the year. Applied research projects to enhance future forest productivity are also being conducted with support from this program, a number of them jointly with industry. This Heritage Fund project will ensure the renewal of Alberta's forestry sector well into the future.

Investment in 1984-85:	$3 million
Investment at March 31, 1985:	$20 million

Alberta Reforestation Nursery
(Capital Projects Division)

In 1984-85, the Heritage Fund completed its capital funding of the Pine Ridge Forest Nursery which has been in operation for seven years. The seedlings shipped from the nursery are used to establish new forests on harvested Crown land and on burned-over and potentially productive areas throughout Alberta.

Investment in 1984-85:	$0.2 million
Investment at March 31, 1985:	$15 million

Lesser Slave Lake Outlet
(Capital Projects Division)

Through the construction of outlet facilities to help stabilize lake levels, a perennial problem of the flooding of communities and agricultural lands around the perimeter of Lesser Slave Lake has been resolved. The project was completed during 1983-84.

Investment at March 31, 1985:	$3 million

Education

These special Heritage Fund projects augment the major commitment Alberta makes to education through its annual budget. They cover a broad scope of activities and are helping Alberta to build on our human resource strengths.

Library Development
(Capital Projects Division)

This project was completed in the early eighties. During its four years of support, over 600,000 volumes were acquired to expand and upgrade the library collections of Alberta universities and public colleges.

Investment at March 31, 1985: $9 million

Alberta Heritage Scholarship Fund
(Capital Projects Division)

Earnings from a $100 million endowment fund provide a comprehensive range of scholarships and awards, the majority of which are used to further individual study at the post-secondary level. Since its inception in 1981-82, 22,000 Albertans have benefited from this unique Heritage Fund project.

Investment at March 31, 1985: $100 million

Heritage Learning Resources
(Capital Projects Division)

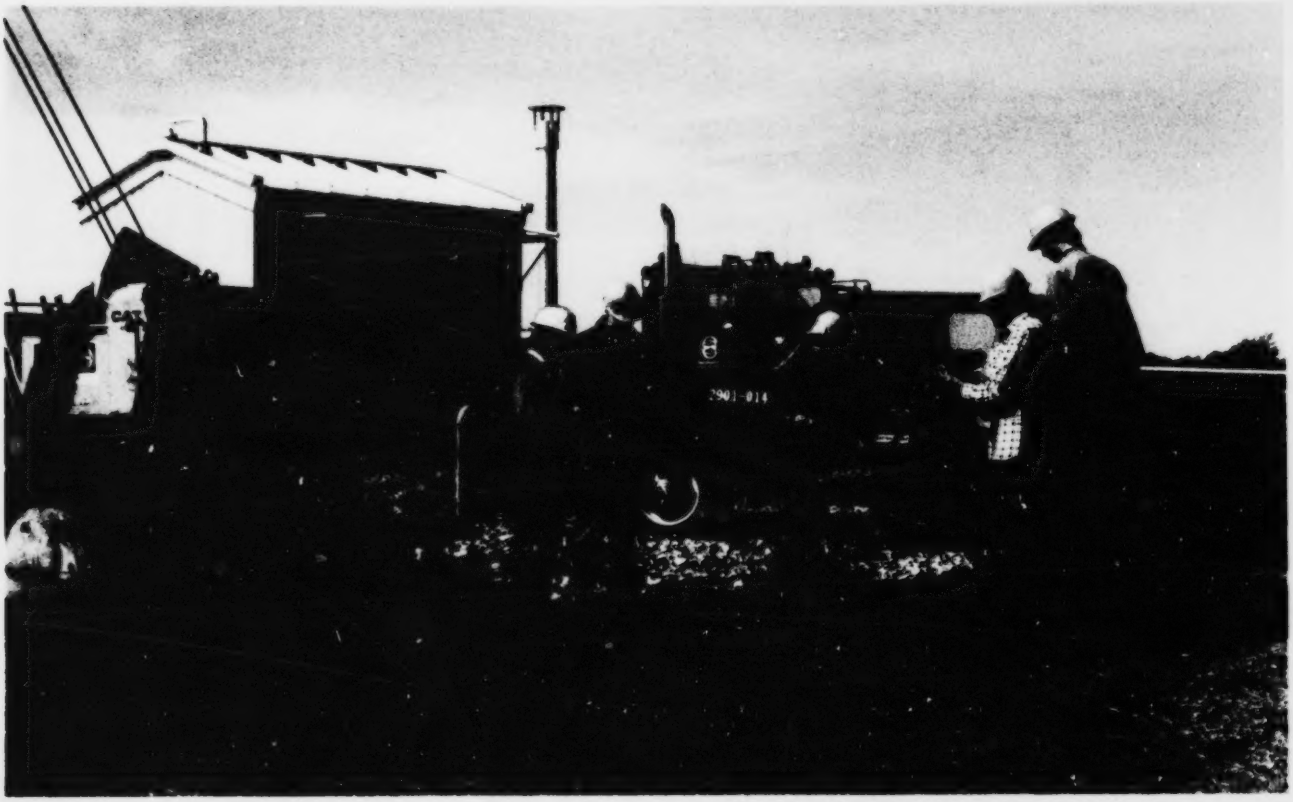
During its early years, the Heritage Fund supported the production of a series of books on the history and heritage of Alberta over the years. The collection was distributed to all elementary and secondary schools, and to all municipal libraries, hospitals and nursing homes throughout the province.

Investment at March 31, 1985: $9 million

Occupational Health and Safety Research and Education
(Capital Projects Division)

1984-85 marked the fourth year of this eight year program. Through it, grants are made available for a range of research, training and educational projects related to health and safety problems facing workers and employers, particularly in high hazard industries. Participation of worker and employer organizations, other private sector groups, as well as educational institutions and researchers, is encouraged.

Investment in 1984-85: $0.7 million
Investment at March 31, 1985: $3 million



Occupational Health and Safety Research and Education conducts "tailgate" meetings for workers in the field to explain proper health and safety procedures for high hazard industries.

Recreation

The provision of new, easily accessible recreational facilities for Albertans and their families has been a priority for the Heritage Fund. Parks within and a short distance from major urban centres provide a wide range of recreational opportunities for Albertans of all ages. Some of the facilities are major tourist attractions, helping to strengthen and diversify the province.

Urban Parks
(Capital Projects Division)

This multi-year development program is ongoing in Medicine Hat, Lethbridge, Red Deer, Lloydminster, and Grande Prairie. Each community has been granted funds to buy land and to plan and develop its own park space. As well as enhancing the outdoor recreational opportunities available locally to residents, these parks help preserve the natural environment. While construction continues on some projects, completed facilities are being enjoyed by thousands of Albertans.

Investment in 1984-85:	$22 million
Investment at March 31, 1985:	$62 million

Capital City Recreation Park
(Capital Projects Division)

This 1 200 hectare (2,960 acre) park, located in Edmonton and the neighbouring County of Strathcona, provides a broad range of leisure opportunities with bicycle and pedestrian paths, recreation, picnic and nature areas. An exhibition site features science and technology displays and archaeological artifacts. Only land acquisitions for land use control and environmental purposes remain to complete the project.

Investment at March 31, 1985:	$42 million

Fish Creek Provincial Park (Land and Development)
(Capital Projects Division)

Fish Creek Provincial Park is located along the southerly limits of Calgary. Much of its 1 330 hectares (3,300 acres) has been retained in a natural state, and the park provides year round recreational opportunities. Major facilities include a visitor centre offering general information and interpretive programs, an environmental education centre, the Sikome Lake recreation area which includes a 3.6 hectare (nine acre) swimming and skating lake, an equestrian centre, and a number of amphitheatres, picnic areas and historical sites. Only minor land acquisitions remain to complete the park.

Investment in 1984-85:	$0.4 million
Investment at March 31, 1985:	$45 million

Kananaskis Country Recreation Development
(Capital Projects Division)

Kananaskis Country encompasses over 4 100 square kilometres (1,580 square miles) of foothills and mountains along the eastern slopes of the Rocky Mountains. It has been developed with Heritage Fund support since 1978 as a year round multi-use recreation area for the enjoyment of Albertans and visitors. At the same time, natural resource conservation and wildlife enhancement have been important objectives in the development plan.

Among its many recreational facilities are almost 3,000 campsites, including the Mount Kidd Recreational Vehicle Park, and trail systems for bicycling, hiking, cross-country skiing, snowmobiling, off-highway vehicles and equestrian use. There are also over 70 picnic areas, trout stocked ponds, a world class 36-hole golf course and the William Watson Lodge offering accommodation for seniors and handicapped with special needs.

Most facilities have now been completed and, during the summer months of 1984 alone, almost two million visits to Kananaskis were made by day users and campers.

Investment in 1984-85:	$13 million
Investment at March 31, 1985:	$197 million

Fish Creek Provincial Park features year round recreational opportunities including swimming, horse-back riding and bicycling in the summer and skating and cross-country skiing in the winter.

Housing — Shelter and Jobs for Albertans

The Heritage Fund has played an important role in providing affordable housing for Albertans. To date, through the Fund's financing, over 90,000 housing units have been built throughout the province. This affordable housing enjoyed by many low to middle income Albertans would not have been possible without the Heritage Fund.

Alberta Mortgage and Housing Corporation provides affordable housing for Alberta's low to moderate income families. Hillview IV is a 26 unit project located in Edmonton.

Alberta Mortgage and Housing Corporation
(Alberta Investment Division)

On August 1, 1984, the Alberta Housing Corporation and the Alberta Home Mortgage Corporation were merged into the Alberta Mortgage and Housing Corporation. Continuing the programs of its predecessors, the new Corporation assists Albertans in two ways: it constructs rental housing for senior citizens and low to middle income Albertans; and it makes mortgage loans to help low and middle income Albertans find affordable rental and ownership housing in the private market.

Under the Senior Citizens Self-Contained Program, funds were committed to construct 337 units in 1984-85. These projects, for healthy and active seniors, are found in communities throughout Alberta. As well, commitments were made for 65 units in Senior Citizens Lodges and 21 units under the Community Housing Program for low to moderate income Albertans of all ages. This housing is provided at rents geared to income.

The Corporation committed $39 million for mortgage financing under its Family Home Purchase Program in 1984-85. These loans, together with subsidies to reduce monthly mortgage payments, enabled 831 Alberta families to purchase their own homes.

Investment in 1984-85:	$100 million
Investment at March 31, 1985:	$3,374 million

Other Investments

These investments assist in the prudent diversification of the investment portfolio of the Fund, thus providing Albertans with significant long term financial returns.

Commercial Investment Division

The primary objective of the Commercial Investment Division is to earn a commercial rate of return in keeping with the Heritage Fund's savings objective. The Division's emphasis on equity investments helps diversify the Fund's overall portfolio. The equity portfolio represents a broad range of Canadian industrial sectors and public companies. The investments are managed on a passive basis and are limited to no more than five per cent of the shares outstanding of any one company.

The Division started in the 1981-82 fiscal year with an allocation of $200 million. During the latter half of 1984-85, a policy modification permitted the $200 million limit on the Division to increase by the amount of net investment income earned by the Division. This initiative raised the limit to $205 million at year end.

The Division contributed $11 million in dividends, realized capital gains, and interest to the Heritage Fund's investment income in 1984-85. At year end, the market value of the portfolio exceeded its cost by $99 million.

Investment (net) in 1984-85:	$2 million
Investment at March 31, 1985:	$201 million

Canada Investment Division

No new loans were made under the Canada Investment Division in 1984-85. Lending under this Division has been suspended since March 1982 to help ensure that funds are available to meet priority needs in Alberta.

During 1984-85, interest on these loans made in previous years contributed $242 million toward the Fund's investment earnings, all of which were diverted to the General Revenue Fund to provide social and other services to Albertans. Scheduled principal repayments totalling $28 million were also received during 1984-85; all were made in full and on time.

Investment at March 31, 1985:	$1,870 million

Deposits and Marketable Securities

Funds which are not immediately required for investment in any of the five Investment Divisions are invested in high quality debt securities under section 10 of the Heritage Savings Trust Fund Act. Holdings increased during the year as the funds needed for the Investment Divisions were adequately provided from the combination of resource revenue transfers and repayments and maturities of earlier investments.

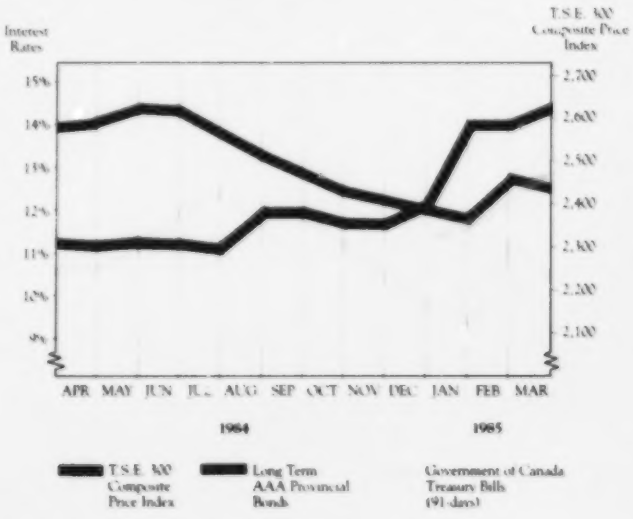
The largest part of the portfolio was invested in money market securities and in the province's Consolidated Cash Investment Trust Fund. During the course of 1984-85, interest rates remained volatile. To capture higher yields available near the end of the year, the average term to maturity on short term money market investments was extended to 65 days from 50 days at March 31, 1984. The average yield to maturity on these short term holdings was 10.8 per cent at March 31, 1985, up from 10.1 per cent a year earlier.

Bond holdings were primarily marketable federal and provincial securities. While these holdings decreased by $19 million during 1984-85, the $191 million market value of the bond portfolio at year end was marginally higher than one year earlier — a consequence of the lower market interest rates on bonds at year end.

Section 10 investments earned a rate of return based on amortized cost of 11.5 per cent and contributed $155 million to the Fund's investment income during the fiscal year.

Investment (net) in 1984-85:	$462 million
Investment at March 31, 1985:	$1,381 million

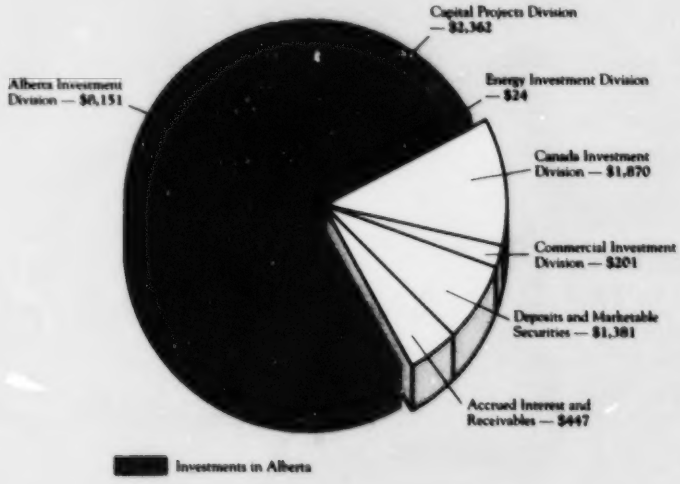
1984-85 Trends



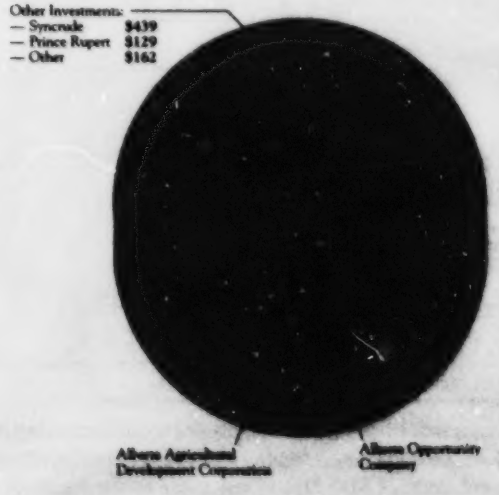
Composition of Alberta Heritage Savings Trust Fund at March 31, 1985
(millions of dollars)

Total Assets — $14,436

73 per cent of the Heritage Fund was invested in Alberta at March 31, 1985.


Capital Projects Division — $2,362
Energy Investment Division — $24
Canada Investment Division — $1,870
Commercial Investment Division — $201
Deposits and Marketable Securities — $1,381
Accrued Interest and Receivables — $447
Alberta Investment Division — $8,151
Investments in Alberta

Composition of Alberta Investment Division at March 31, 1985
(millions of dollars)



Total Investments — $8,151

A Review: 1976-1985
(millions of dollars)

	1976-77	1977-78
Transfer of Non-Renewable Resource Revenue to the Heritage Fund	620	931
Net Income Earned on the Fund's Investments	88	194
Subtract		
Income Transferred to Budgetary Revenues	—	—
New Funds Available to the Heritage Fund for Investments	708	1,125
Add		
Assets of the Heritage Fund at the Beginning of the Year	1,500[b]	2,218
Assets of the Heritage Fund at the End of the Year[c]	2,218	3,374
Consisting of		
Financial Assets:		
Alberta Investment Division[d]	1,566	2,276
Capital Projects Division	—	—
Energy Investment Division	—	—
Canada Investment Division	50	96
Commercial Investment Division	—	—
Deposits and Marketable Securities and Other Assets	566	879
	2,182	3,251
Deemed Assets:		
Capital Projects Division	36	123
	2,218	3,374

a) Net investment income before deducting administrative expenses. Pursuant to an amendment to the Heritage Fund Act, effective April 1, 1984, the transfer was changed to net income after deducting administrative expenses.
b) On August 30, 1976, an initial capital contribution of $1.5 billion was made to the Heritage Fund.
c) After a further minor adjustment for changes in accounts payable.

1978-79	1979-80	1980-81	1981-82	1982-83	1983-84	1984-85
1,060	1,332	1,444	1,434	1,370	719	737
294	343	724	1,007	1,482	1,467	1,575
—	—	—	—	866[a]	1,469[a]	1,575
1,354	1,675	2,168	2,441	1,986	717	737
3,374	4,705	6,419	8,579	11,009	13,002	13,711
4,705	6,419	8,579	11,009	13,002	13,711	14,436
3,167	3,140	4,524	6,335	8,158	8,079	8,151
—	—	—	—	—	200[e]	200[e]
—	—	25	25	25	25	24
270	929	1,492	1,909	1,903	1,896	1,870
—	—	—	189	199	199	201
1,013	1,617	1,577	1,242	1,112	1,377	1,828
4,450	5,686	7,618	9,700	11,397	11,776	12,274
255	733	961	1,309	1,605	1,935	2,162
4,705	6,419	8,579	11,009	13,002	13,711	14,436

d) Prior to 1979-80 includes investments in Alberta Municipal Financing Corporation and the Alberta Government Telephones Commission held by the Heritage Fund and transferred to the Alberta Investment Division in that year.

e) Investments in Vencap Equities Alberta Ltd.

Alberta Investment Division

Summary of Investment Transactions For the Year Ended March 31, 1985

	Cost March 31, 1984	Purchases	Amortization	Disposals, Repayments and Redemptions	Cost March 31, 1985
	(millions of dollars)				
Investments in Provincial Corporations:					
Alberta Agricultural Development Corporation Debentures					
Investments at March 31, 1984	847.0		—	19.5	827.5
Investments made during 1984-85:					
12.88% Mar. 1, 2009		18.0	—	—	18.0
14.39% Jul. 1, 2009		30.0	—	—	30.0
14.03% Aug. 1, 2009		17.0	—	—	17.0
13.13% Oct. 1, 2009		18.0	—	—	18.0
12.80% Nov. 1, 2009		6.0	—	—	6.0
12.49% Dec. 1, 2009		10.0	—	—	10.0
12.80% Mar. 1, 2010		16.0	—	—	16.0
12.82% Mar. 23, 2010		12.0	—	—	12.0
	847.0	**127.0**	**—**	**19.5**	**954.5**
Alberta Government Telephones Commission Debentures					
Investments at March 31, 1984	1,494.8		1.4	25.0	1,471.2
Investment made during 1984-85:	—	—	—	—	—
	1,494.8	**—**	**1.4**	**25.0**	**1,471.2**
Alberta Mortgage and Housing Corporation Debentures					
Investments at March 31, 1984	3,447.6		—	173.4	3,274.2
Investments made during 1984-85:					
13.73% Apr. 15, 2004		30.0	—	0.2	29.8
14.14% Jun. 15, 2004		25.0	—	0.1	24.9
14.20% Jul. 15, 2004		25.0	—	0.1	24.9
12.51% Mar. 29, 2015		20.0	—	—	20.0
	3,447.6	**100.0**	**—**	**173.8**	**3,373.8**
Alberta Municipal Financing Corporation Debentures					
Investments at March 31, 1984	1,451.7		2.2	—	1,453.9
Investment made during 1984-85:	—	—	—	—	—
	1,451.7	**—**	**2.2**	**—**	**1,453.9**
Alberta Opportunity Company Debentures					
Investments at March 31, 1984	168.2		—	36.0	132.2
Investments made during 1984-85:					
13.50% Jun. 15, 1989		5.0	—	—	5.0
12.65% Oct. 15, 1989		5.0	—	—	5.0
11.69% Dec. 15, 1989		5.0	—	—	5.0
11.85% Mar. 31, 1990		20.0	—	—	20.0
	168.2	**35.0**	**—**	**36.0**	**167.2**
Total Provincial Corporations	**7,409.3**	**262.0**	**3.6**	**254.3**	**7,420.6**

	Cost March 31, 1984	Purchases	Amortization	Disposals, Repayments and Redemptions	Cost March 31, 1985
			(millions of dollars)		
Other Alberta Investment Division Investments:					
TransAlta Utilities Corporation debenture 13.75% Apr. 17, 1985	19.9	—	0.1	—	20.0
Bralorne Resources Ltd. debenture 12.875% Aug. 15, 1995	4.6	—	—	0.3	4.3
IPSCO Inc. debenture 14.50% May 15, 1995	4.6	—	—	0.4	4.2
Canadian Commercial Bank debenture (a)	5.0	—	—	—	5.0
Ridley Grain Ltd. debenture 11.00% Dec. 31, 2016	116.6	12.8	—	—	129.4
Northland Bank certificates of deposits (b)	—	50.0	—	—	50.0
Alberta Energy Company Ltd. common shares	76.8	—	—	—	76.8
Bank of Alberta common shares	—	1.6	—	—	1.6
Participation in Syncrude Project	442.5	252.5(c)	—	256.0(d)	439.0
Total	**8,079.3**	**578.9**	**3.7**	**511.0**	**8,150.9**

(a) Interest rate floats at prime lending rate less 0.5%.
(b) Bear fixed interest rates from 12.15% to 12.50% and floating interest rates at prime lending rate less 0.5% with maturity dates from February 3, 1986 to May 1, 1987.
(c) Includes advances ($166.1 million) plus current year net profit.
(d) Repayment of advances during the year.

Energy Investment Division

Summary of Investment Transactions For the Year Ended March 31, 1985

	Cost March 31, 1984	Purchases	Disposals, Repayments and Redemptions	Cost March 31, 1985
		(millions of dollars)		
Luscar Ltd. debenture 13.875% Dec. 2, 1989	25.0	—	1.2	23.8

Commercial Investment Division

Summary of Investment Transactions For the Year Ended March 31, 1985

	Cost March 31, 1984	Purchases	Amortization and Writedown	Disposals, Repayments and Redemptions	Cost March 31, 1985	Market Value March 31, 1985
			(millions of dollars)			
Money market securities	5.5	24.0	0.4	25.4	4.5	4.5
Convertible bonds	13.9	0.3	—	—	14.2	15.3
Common and preferred shares	179.7	9.5	(1.2)	5.4	182.6	280.4
Total	**199.1**	**33.8**	**(0.8)**	**30.8**	**201.3**	**300.2**

Canada Investment Division

Summary of Investment Transactions For the Year Ended March 31, 1985

	Par Value March 31, 1985	Cost March 31, 1984	Purchases	Amortization	Repayments and Redemptions	Cost March 31, 1985
			(millions of dollars)			
Province of Manitoba	**260.0**	**258.5**	**—**	**0.2**	**—**	**258.7**
Province of New Brunswick	247.0	244.4	—	0.4	—	244.8
New Brunswick Electric Power Commission	135.0	133.2	—	0.1	—	133.3
	382.0	**377.6**	**—**	**0.5**	**—**	**378.1**
Province of Newfoundland	**155.0**	**154.0**	**—**	**0.2**	**—**	**154.2**
Newfoundland and Labrador Hydro	150.0	148.0	—	0.1	—	148.1
Newfoundland Municipal Financing Corporation	74.9	75.8	—	—	1.7	74.1
	379.9	**377.8**	**—**	**0.3**	**1.7**	**376.4**
Province of Nova Scotia	235.0	231.8	—	0.2	—	232.0
Nova Scotia Municipal Finance Corporation	57.5	61.8	—	—	4.6	57.2
Nova Scotia Power Corporation	125.0	123.7	—	0.1	—	123.8
	417.5	**417.3**	**—**	**0.3**	**4.6**	**413.0**
Province of Prince Edward Island	**68.0**	**88.8**	**—**	**0.2**	**22.0**	**67.0**
Hydro-Quebec	**385.0**	**376.2**	**—**	**0.5**	**—**	**376.7**
Total	**1,892.4**	**1,896.2**	**—**	**2.0**	**28.3**	**1,869.9**

Deposits and Marketable Securities

Summary of Investment Transactions For the Year Ended March 31, 1985

	Cost March 31, 1984	Purchases	Amortization	Disposals, Repayments and Redemptions	Cost March 31, 1985	Market Value March 31, 1985
			(millions of dollars)			
Cash and deposit in the Consolidated Cash Investment Trust Fund	**111.9**	**—**	**—**	**34.8(a)**	**77.1**	**77.1**
Marketable securities:						
Money market securities						
Short-term	621.1	4,613.2	84.8	4,250.5	1,068.6	1,068.6
Mid-term	—	45.0	—	—	45.0	44.8
Bonds:						
Government of Canada, direct and guaranteed	136.4	—	0.1	9.6	126.9	108.2
Province of Alberta, guaranteed:						
Alberta Government Telephones Commission	4.5	—	0.1	—	4.6	4.3
Other provinces, direct and guaranteed	95.1	5.0	0.2	10.9	89.4	74.6
Corporate	8.2	—	—	4.2	4.0	3.6
	865.3	**4,663.2**	**85.2**	**4,275.2**	**1,338.5**	**1,304.1**
Total	**977.2**	**4,663.2**	**85.2**	**4,310.0**	**1,415.6**	**1,381.2**

(a) Net withdrawals.

Alberta Heritage Savings Trust Fund

Financial Statements

March 31, 1985

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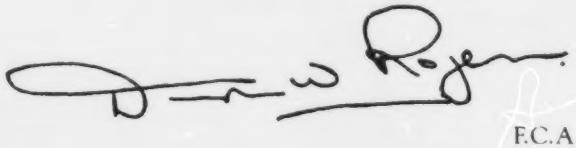
Alberta Heritage Savings Trust Fund

Auditor's Report

To the Provincial Treasurer

I have examined the balance sheet of the Alberta Heritage Savings Trust Fund as at March 31, 1985 and the statements of income, retained earnings, transfers and fund equity, changes in financial position and Capital Projects Division amounts expended for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Trust Fund as at March 31, 1985 and the results of its operations, the changes in its financial position and the amounts expended within the Capital Projects Division for the year then ended in accordance with the disclosed basis of accounting, considered appropriate in the circumstances, as described in Note 2 to the financial statements applied on a basis consistent with that of the preceding year.



F.C.A.
Auditor General

Edmonton, Alberta
June 25, 1985

Alberta Heritage Savings Trust Fund

Statement A

Balance Sheet

March 31, 1985
(thousands of dollars)

ASSETS AND DEEMED ASSETS	1985	1984
Assets:		
Cash	$ 77,056	$ 111,860
Accrued interest and accounts receivable	441,264	429,412
Due from the General Revenue Fund	5,624	27,290
Marketable securities, Schedule 1	1,304,079	807,760
Canada Investment Division investments, Schedule 2	1,869,947	1,896,238
Alberta Investment Division investments, Schedule 3	8,150,898	8,079,348
Energy Investment Division investments, Schedule 4	23,750	25,000
Commercial Investment Division investments, Schedule 5	201,242	199,155
Capital Projects Division investments, Schedule 6	199,999	200,000
	12,273,859	11,776,063
Deemed Assets:		
Capital Projects Division investments, Schedule 6	2,162,393	1,934,638
	$14,436,252	$13,710,701

LIABILITIES AND FUND EQUITY		
Liabilities:		
Accounts payable	$ 25,708	$ 37,355
Fund Equity:		
Represented by net assets, Statement B	12,248,151	11,738,708
	12,273,859	11,776,063
Represented by deemed assets, Statement B	2,162,393	1,934,638
	$14,436,252	$13,710,701

The accompanying notes are part of these financial statements.

Statement of Income, Retained Earnings, Transfers and Fund Equity

For the Year Ended March 31, 1985
(thousands of dollars)

	1985	1984
Income and Retained Earnings:		
Investment income before the undernoted	$ 1,554,529	$ 1,486,663
Add (deduct):		
Decrease (increase) in provision to adjust marketable securities to lower of cost or market value, on an aggregate basis	23,128	(19,415)
Net gain on disposals of investments	636	1,969
Write-down of investments	(1,231)	—
Net investment income (Note 3)	1,577,062	1,469,217
Administrative expenses (Note 4)	1,777	1,966
Net income	1,575,285	1,467,251
Transfer to the General Revenue Fund (Note 5)	1,575,285	1,469,217
Net increase (decrease) in retained earnings	—	(1,966)
Retained earnings at beginning of year	3,262,247	3,264,213
Retained earnings at end of year	3,262,247	3,262,247
Transfers from the General Revenue Fund:		
Non-renewable resource revenue transfer for the year (Note 6)	737,198	719,419
Cumulative transfers at beginning of year		
As previously reported	10,412,082	9,677,642
Prior period adjustment (Note 6)	(983)	14,038
As restated	10,411,099	9,691,680
Cumulative transfers at end of year	11,148,297	10,411,099
Fund equity at end of year	$14,410,544	$13,673,346
Represented by:		
Net assets	$12,248,151	$11,738,708
Deemed assets	2,162,393	1,934,638
	$14,410,544	$13,673,346

Statement of Changes in Financial Position

For the Year Ended March 31, 1985

(thousands of dollars)

	1985	1984
Operating transactions:		
Net income for the year	$ 1,575,285	$ 1,467,251
Non-cash items:		
Amortization of discount/premium on investments, net	(91,213)	(34,084)
Increase (decrease) in provision to adjust marketable securities to lower of cost or market value, on an aggregate basis	(23,128)	19,415
Net gain on disposals of investments	(636)	(1,969)
Write-down of investments	1,231	—
Cash provided by operations	1,461,539	1,450,613
Non-renewable resource revenue transfer	737,198	719,419
Transfer to the General Revenue Fund	(1,575,285)	(1,469,217)
Decrease (increase) in receivables	9,814	(37,099)
Decrease in payables	(11,647)	(8,381)
Cash provided by operating transactions	621,619	655,335
Investing transactions:		
Proceeds from disposals, repayments and redemptions of investments:		
Marketable securities	4,273,886	1,729,246
Canada Investment Division	28,300	8,300
Alberta Investment Division	511,075	985,696
Energy Investment Division	1,250	—
Commercial Investment Division	32,696	143,512
Capital Projects Division	1	—
Investments:		
Marketable securities	(4,663,198)	(1,952,660)
Alberta Investment Division	(578,949)	(903,650)
Commercial Investment Division	(33,729)	(141,537)
Capital Projects Division investments	(227,755)	(529,718)
Cash applied to investing transactions	(656,423)	(660,811)
Decrease in cash	(34,804)	(5,476)
Cash at beginning of year	111,860	117,336
Cash at end of year	$ 77,056	$ 111,860

Capital Projects Division
Statement of Amounts Expended

For the Year Ended March 31, 1985
(thousands of dollars)

Department/Project	Amounts Authorized	Amounts Expended	Unexpended
Agriculture			
Farming For The Future	$ 5,000	$ 4,804	$ 196
Food Processing Development Centre	2,071	835	1,236
Irrigation Rehabilitation and Expansion	25,000	24,977	23
Energy and Natural Resources			
Alberta Oil Sands Technology and Research Authority	50,000	50,000	—
Alberta Reforestation Nursery	190	184	6
Grazing Reserves Development	6,608	3,865	2,743
Maintaining Our Forests	4,180	3,433	747
Environment			
Irrigation Headworks and Main Irrigation Systems Improvement	60,000	44,182	15,818
Land Reclamation	3,000	2,741	259
Paddle River Basin Development	4,972	4,111	861
Executive Council			
Occupational Health and Safety Research and Education	1,000	666	334
Electronic Products Test Centre	4,225	4,225	—
Hospitals and Medical Care			
Applied Cancer Research	5,194	3,794	1,400
Walter C. Mackenzie Health Sciences Centre	74,000	43,989	30,011
Public Works, Supply and Services			
Capital City Recreation Park	1,000	—	1,000
Fish Creek Provincial Park (Land)	1,500	179	1,321
Recreation and Parks			
Fish Creek Provincial Park (Development)	200	172	28
Kananaskis Country Recreation Development	23,036	13,486	9,550
Urban Parks	22,175	22,112	63
	$293,351	$227,755	$65,596

Notes to the Financial Statements

March 31, 1985

Note 1
Authority

The Alberta Heritage Savings Trust Fund operates under the authority of the Alberta Heritage Savings Trust Fund Act, Chapter A-27, Revised Statutes of Alberta 1980, as amended.

Note 2
Summary of Significant Accounting Policies and Reporting Practices

(i) These financial statements have been prepared in accordance with generally accepted accounting principles, except as follows:

(a) The investment in Alberta Energy Company Ltd., which represents 45% (37% as of April 3, 1985, see Schedule 3, Note (e)) of the total number of issued and outstanding voting shares of the company, included in the Alberta Investment Division is valued at cost. Income is recognized only to the extent that dividends are received or receivable. The book value of the investment is not adjusted for the Fund's pro rata share of retained earnings of the company.

(b) Capital Projects Division investments represent the aggregate net amount expended from November 4, 1976 to March 31, 1985 under the authority of "Appropriation Acts" passed pursuant to section 6(2)(a) of the Alberta Heritage Savings Trust Fund Act. These investments are deemed to be assets of the Trust Fund with a value equal to the amounts expended pursuant to section 6(8)(a) of the Alberta Heritage Savings Trust Fund Act. Amounts expended which are recoverable by the Fund are not included in Deemed Assets but are shown separately as assets of the Fund. Amounts expended, not recoverable by the Fund, are shown as Deemed Assets.

(ii) Other significant accounting policies are as follows:

(a) Securities included in the Canada Investment Division, the Alberta Investment Division, the Energy Investment Division and the Commercial Investment Division are valued at cost. Cost includes the amount of applicable amortization of discount or premium using the straight line method over the life of the securities.

(b) The participation in the Syncrude Project, included in the Alberta Investment Division, is accounted for at cost less amortization and depreciation.

(c) Bonds and mid-term money market securities included in marketable securities are valued at cost or market value, whichever is lower, on an aggregate basis. Short-term money market securities are valued at cost. Cost includes the amount of applicable amortization of discount or premium using the straight line method over the life of the securities.

(d) The cost of disposals is determined on the average cost basis. Gains and losses arising as a result of disposals and any change in the provision to adjust the cost of marketable securities to the lower of cost or market value, on an aggregate basis, are included in the determination of net investment income.

(e) Where there has been a loss in value of an investment that is other than a temporary decline, the investment is written down to recognize the loss. The written down value is deemed to be the new cost.

(f) Marketable securities and payables in respect of forward exchange contracts denominated in foreign currency are translated at the current rate of exchange at the balance sheet date.

Unrealized exchange gains or losses which relate to the translation of hedged monetary assets are deferred.

Amounts deferred are included in accounts payable.

Note 3
Segmented Information

Segmented information on net investment income is as follows:

	1985	1984
Cash	$ 15,082,000	$ 12,012,000
Marketable securities:		
Money market, short-term	91,020,000	27,048,000
Money market, mid-term	3,412,000	—
Bonds	45,915,000	8,594,000
Canada Investment Division investments:		
Debentures	242,358,000	244,134,000
Alberta Investment Division investments:		
Money market securities, mid-term	2,183,000	—
Debentures	1,061,418,000	1,094,059,000
Common shares	5,686,000	4,549,000
Participation in Syncrude Project (a)	86,474,000	61,467,000
Energy Investment Division investments:		
Debenture	3,455,000	3,469,000
Commercial Investment Division investments:		
Money market securities, short-term	369,000	1,086,000
Convertible bonds	1,610,000	1,582,000
Common and preferred shares	8,605,000	8,624,000
Capital Projects Division investments:		
Participating debenture of Vencap Equities Alberta Ltd.	9,475,000	2,593,000
	$1,577,062,000	$1,469,217,000

(a) Participation in Syncrude Project comprises:		
Sales of share of substances produced	$ 240,234,000	$ 218,740,000
Less total operating costs	153,760,000	157,273,000
	$ 86,474,000	$ 61,467,000

Note 4
Administrative Expenses

	1985	1984
Expenses paid directly from the Fund pursuant to section 11(1) of the Alberta Heritage Savings Trust Fund Act	$ 586,000	$ 649,000
Other administrative expenses estimated and charged to the Fund pursuant to section 11(2) of the Alberta Heritage Savings Trust Fund Act	1,191,000	1,317,000
	$1,777,000	$1,966,000

Administrative expenses for the year ended March 31, 1985 relating to the Syncrude Project estimated at $509,000 (1984 — $543,000) are not included in other administrative expenses but are reflected in results of operations of the project for the year.

Administrative expenses include an amount of $419,000 (1984 — $466,000) expended to communicate the role and activities of the Fund.

Note 5
Transfer to the General Revenue Fund

All of the net income (1984 - all of the net investment income) of the Fund in respect of the 1984-85 fiscal year has been transferred to the General Revenue Fund pursuant to section 4(2) of the Alberta Heritage Savings Trust Fund Act.

Note 6
Non-renewable Resource Revenue Transfer

15% (1984 — 15%) of the estimated net non-renewable resource revenue received by the Province during the year ended March 31, 1985 has been transferred to the Alberta Heritage Savings Trust Fund pursuant to section 1 of the Alberta Heritage Savings Trust Fund Special Appropriation Act, 1984-85 and section 5(5) of the Alberta Heritage Savings Trust Fund Act.

In determining the amount of the estimated net non-renewable resource revenue, the following amounts have been deducted from the estimated non-renewable resource revenue received:

(i) transfers during the year to the Alberta Petroleum Incentives Program Fund, pursuant to section 3(2) of the Petroleum Incentives Program Act,

(ii) exploratory drilling and geophysical incentive grants paid and incentive credits applied during the year, pursuant to section 4.1(2) of the Mines and Minerals Act, and

(iii) royalty tax credits paid, pursuant to section 26.41 of the Alberta Corporate Income Tax Act and section 12.2 of the Alberta Income Tax Act.

An adjustment may be necessary pursuant to section 5(6) of the Alberta Heritage Savings Trust Fund Act on the finalization of the 1984-85 Public Accounts, to make the amount of the net non-renewable resource revenue in the Alberta Heritage Savings Trust Fund for the year ended March 31, 1985 equal to 15% of the net non-renewable resource revenue received in that year.

The prior period adjustment of $983,000 (1984 — $14,038,000) represents the adjustment made on the finalization of the 1983-84 Public Accounts.

Exploratory drilling and geophysical incentive grants and royalty tax credits paid prior to April 1, 1984 were not deducted in determining the transfers in prior years. These deductions made as a result of amendments to the Mines and Minerals Act, the Alberta Corporate Income Tax Act and the Alberta Income tax Act, which took effect from April 1, 1984, had the effect of reducing the 1984-85 non-renewable resource revenue transfer from the General Revenue Fund by approximately $63,353,000. If the amendments had not been made, the non-renewable resource revenue transfer from the General Revenue Fund would have amounted to approximately $800,551,000 for the year ended March 31, 1985.

Note 7
Capital Projects Division Commitments

The Legislative Assembly has authorized the expenditure of $287,221,000 for Capital Projects Division investments during the period April 1, 1985 to March 31, 1986 pursuant to the Appropriation (Alberta Heritage Savings Trust Fund, Capital Projects Division) Acts, 1985-86 and the Appropriation (Alberta Heritage Savings Trust Fund, Capital Projects Division) Supplementary Act, 1985-86.

Note 8
Contingencies

Claims pending at March 31, 1985 in respect of Capital Projects Division land acquisitions, excluding interest and costs if any, exceed amounts expended by approximately $8,800,000 (1984 — $47,400,000). The actual liability cannot be determined until expropriation proceedings are completed.

Other claims and potential claims pending at March 31, 1985 in respect of various capital projects exceed amounts expended by approximately $16,914,000 (1984 — $15,719,000). The resulting loss, if any, from these claims and potential claims cannot be determined.

Note 9
Comparative Figures

The 1984 figures have been restated where necessary to conform to the 1985 presentation.

Note 10
Approval of Financial Statements

These financial statements were approved by management.

Marketable Securities

March 31, 1985

	1985			1984	
	Par Value	Cost	Market Value	Cost	Market Value
			(thousands of dollars)		
Bonds:					
Government of Canada, direct	$128,250	$ 126,879	$ 108,236	$136,362	$104,293
Provincial, direct and guaranteed:					
Alberta	4,740	4,564	4,309	4,531	4,038
Other provinces	91,600	89,355	74,629	95,072	71,675
Corporate	4,050	4,050	3,544	8,215	6,670
	$228,640	224,848	190,718	244,180	186,676
Mid-term money market securities:					
Promissory note (a)	$ 25,000	25,000	24,834	—	—
Certificate of deposit (a)	20,000	20,000	19,920	—	—
	$ 45,000	45,000	44,754	—	—
Short-term money market securities (b):					
Treasury bills:					
Government of Canada		259,592	259,592	128,659	128,659
Province of Alberta		—	—	76,497	76,497
Other provinces		86,628	86,628	122,792	122,792
Deposit receipts		258,274	258,274	38,514	38,514
Promissory notes:					
Province of Alberta		19,834	19,834	54,604	54,604
Other		161,298	161,298	106,268	106,268
Bankers' acceptances		126,337	126,337	65,021	65,021
Bearer deposit notes (a)		123,344	123,344	26,722	26,722
Certificates of deposit and guaranteed investment certificate		33,300	33,300	2,007	2,007
		1,068,607	1,068,607	621,084	621,084
Total marketable securities		$1,338,455	$1,304,079	$865,264	$807,760

(a) Following a deterioration in its loan portfolio, on April 29, 1985 the Canadian Commercial Bank entered into a refinancing arrangement with certain parties including the Province of Alberta, with the object of ensuring the Bank's long-term viability.

The market values ascribed to money market securities issued by the Canadian Commercial Bank and included in marketable securities above amounting to $24,476,000, short-term and $44,754,000, mid-term, are based on the continuing solvency of the Bank.

(b) The market value of short-term money market securities is estimated to approximate cost.

Alberta Heritage Savings Trust Fund **Schedule 2**

Canada Investment Division Investments

March 31, 1985

	1985 Par Value	Cost	
		1985	1984
		(thousands of dollars)	
Debentures (a):			
Province of Manitoba	$ 260,000	$ 258,715	$ 258,471
Province of New Brunswick	247,000	244,775	244,470
New Brunswick Electric Power Commission	135,000	133,323	133,176
Province of Newfoundland	155,000	154,197	153,994
Newfoundland and Labrador Hydro	150,000	148,099	147,970
Newfoundland Municipal Financing Corporation	74,900	74,184	75,826
Province of Nova Scotia	235,000	232,040	231,837
Nova Scotia Municipal Finance Corporation	57,450	57,180	61,736
Nova Scotia Power Corporation	125,000	123,796	123,706
Province of Prince Edward Island	68,000	66,958	88,824
Hydro-Quebec	385,000	376,680	376,228
	$1,892,350	$1,869,947	$1,896,238

(a) Debentures bear interest rates from 9.50% to 17.75% with maturity dates from December 19, 1985 to July 15, 2005. The debentures are redeemable by a single payment of the full principal sum on maturity.

Alberta Investment Division Investments

March 31, 1985

	1985	1984
	(thousands of dollars)	
Provincial corporation debentures (a):		
Alberta Agricultural Development Corporation	$ 954,520	$ 847,000
Alberta Government Telephones Commission	1,471,239	1,494,802
Alberta Mortgage and Housing Corporation	3,373,810	3,447,584
Alberta Municipal Financing Corporation	1,453,864	1,451,696
Alberta Opportunity Company	167,200	168,200
Corporate debentures:		
TransAlta Utilities Corporation 13.75% maturing on April 17, 1985	19,997	19,927
Bralorne Resources Limited 12.875% maturing on August 15, 1995	4,250	4,625
IPSCO Inc. 14.50% maturing on May 15, 1995	4,231	4,615
Canadian Commercial Bank (b)	5,000	5,000
Ridley Grain Ltd. 11% participating first mortgage bonds (c)	129,393	116,592
Mid-term money market securities:		
Northland Bank certificates of deposit (d)	50,000	—
Common Shares:		
Alberta Energy Company Ltd. (e)	76,759	76,759
Bank of Alberta	1,600	—
Participation in Syncrude Project (f)	439,035	442,548
	$8,150,898	$8,079,348

(a) Provincial corporation debentures bear interest rates from 9.10% to 18.40% with maturity dates from June 15, 1985 to March 29, 2015. Interest rates on Alberta Government Telephones Commission and Alberta Municipal Financing Corporation debentures are fixed to maturity and redemption is by a single payment of the full principal sum on maturity. In general the interest rates on the other provincial corporation debentures are fixed for a 5 year period only and repayment is by annual instalments of the principal sum over the life of the debenture. The Provincial Treasurer may permit all or part of the other provincial corporation debentures to be redeemed by the issuer prior to maturity without penalty.

During the year debentures amounting to $70,810,000 (1984 — $374,810,000) were redeemed prior to maturity.

(b) Interest rate floats at prime lending rate less 0.5%.

On April 29, 1985, as part of a refinancing arrangement, the debentureholders of the Canadian Commercial Bank signed an Amending and Subordination Agreement which defers the payment of interest and postpones the July 4, 1986 maturity date of the debentures. Subsequently, the investment committee of the Fund approved the sale of the debentures to the General Revenue Fund at cost.

(c) The Province's contractual obligations to invest monies in participating first mortgage bonds of Ridley Grain Ltd. have been met up to the maximum authorized to be paid from the Fund. The monies are being used to finance the construction of a new grain terminal at Ridley Island, Prince Rupert, British Columbia. Prior to completion of the project, interest on the bonds is to be capitalized and compounded annually. Thereafter interest is compounded semi-annually and payable annually. Any shortfall will be capitalized. The principal, including capitalized interest, is repayable over a period not exceeding thirty years from the completion of the project or by December 31, 2016, whichever is the earlier.

The Fund's investment in the Project at March 31, 1985 includes capitalized interest of $23,143,000 (1984 — $10,342,000).

(d) Certificates of deposit bear fixed interest rates from 12.15% to 12.50% and floating interest rates at prime lending rate less 0.5%. Maturity dates vary from February 3, 1986 to May 1, 1987.

(e) Pursuant to section 19(1) of the Alberta Energy Company Act, the Province may not hold more than 50% of the voting shares of the Company and the aggregate amount that the Province may have invested in the company at any time, or be committed to invest, in common shares shall not exceed $250 million as the purchase price thereof. At March 31, 1985 the Fund held 22,744,127 common shares of the company (1984 — 22,744,127 common shares) representing 45% (1984 — 45%) of the total number of issued and outstanding voting shares of the company. The holding was acquired before the commencement of operations of the company. On April 3, 1985, the Fund sold to the company 6,237,500 common shares of the company for $125,000,000. After the sale the Fund's holding of shares in the company represented 37% of the total number of issued and outstanding voting shares.

The company reported retained earnings at December 31, 1984 of $266,100,000 (1983 — $216,700,000).

(f) Authorization has been given to pay from the Fund the Province's share of construction and operating costs incurred under the Syncrude Project - Ownership and Management Agreement. As a 16.74% participant in the project the Fund is, as lessee, entitled to its proportionate share of all substances produced subject to the liabilities to the Province of Alberta, as lessor, in accordance with the Alberta Crown Agreement. The Fund's participation in the project is summarized hereunder:

	1985	1984
Balance at beginning of year	$442,548,000	$411,344,000
Acquisition of capital assets	30,806,000	32,912,000
Increase (decrease) in working capital	(16,979,000)	22,090,000
Depreciation and amortization of capital assets	(17,340,000)	(23,798,000)
Balance at end of year	$439,035,000	$442,548,000

It is intended that the cost of capital assets will be fully amortized by December 31, 2013, the date of expiry of the approval of the project by the Energy Resources Conservation Board (E.R.C.B.).

Pursuant to Order in Council No. 19/85, the E.R.C.B. approved an extension of the life of the project from 2004 to 2013. The 9 year extension increases the estimated future production to be earned from existing capital assets and upon which the depreciation and amortization of the capital assets is based. As a result the depreciation and amortization charge for the year ended March 31, 1985 was reduced by $5,520,000.

The participants in the project have approved acquisitions of capital assets over the next 3 years of $730 million, of which the Fund's share is $122 million.

Alberta Heritage Savings Trust Fund **Schedule 4**

Energy Investment Division Investments

March 31, 1985

	1985	1984
	(thousands of dollars)	
Corporate debenture:		
Luscar Ltd.		
13.875% maturing on December 2, 1989	$23,750	$25,000

Repayable in quarterly instalments of $1,250,000.

Alberta Heritage Savings Trust Fund **Schedule 5**

Commercial Investment Division Investments

March 31, 1985

	1985		1984	
	Cost	Market Value	Cost	Market Value
	(thousands of dollars)			
Canadian equities (a):				
Common shares:				
Communications and media	$ 7,074	$14,385	$ 7,074	$ 10,940
Consumer goods and services	23,518	38,050	20,524	31,424
Financial services	5,399	13,469	5,262	8,860
Forest products and paper	9,115	14,053	9,115	13,697
Golds	5,050	8,569	3,511	7,155
Industrial goods and services	21,894	29,095	21,608	26,811
Management companies	13,317	24,181	15,334	24,645
Merchandising	13,322	16,903	13,790	18,268
Metals and minerals	23,332	31,235	22,670	33,734
Oil and gas	26,532	38,739	27,763	38,892
Pipelines	9,626	14,147	9,626	11,705
Transportation	7,886	12,132	7,359	8,805
Utilities	14,389	21,940	13,988	17,675
Preferred shares:				
Merchandising	2,124	3,456	2,124	1,827
	182,578	280,354	179,748	254,438
Convertible bonds	14,171	15,350	13,916	15,024
Short-term money market securities (b):				
Treasury bills:				
Government of Canada	4,493	4,493	5,491	5,491
Total investments	$201,242	$300,197	$199,155	$274,953

(a) The industrial classifications are those used by the Toronto Stock Exchange.

(b) The market value of short-term money market securities is estimated to approximate cost.

Alberta Heritage Savings Trust Fund — Schedule 6

Capital Projects Division Investments

March 31, 1985

Department/Project	1985	1984
	(thousands of dollars)	
Assets:		
Economic Development		
Venture Capital Financing — Vencap Equities Alberta Ltd. (a)	$ 199,999	$ 200,000
Deemed Assets:		
Advanced Education		
Alberta Heritage Scholarship Fund	100,000	100,000
Library Development	9,000	9,000
Agriculture		
Farming For The Future	29,708	24,904
Food Processing Development Centre	6,780	5,945
Irrigation Rehabilitation and Expansion	152,303	127,326
Economic Development		
New Rail Hopper Cars	53,779	53,779
Education		
Alberta Heritage Learning Resources	9,222	9,222
Energy and Natural Resources		
Alberta Oil Sands Technology and Research Authority	301,449	251,449
Alberta Reforestation Nursery	14,739	14,555
Grazing Reserves Development	28,033	24,168
Maintaining Our Forests	20,039	16,606
Environment		
Irrigation Headworks and Main Irrigation Systems Improvement	201,086	156,904
Land Reclamation	23,522	20,781
Lesser Slave Lake Outlet	2,889	2,889
Paddle River Basin Development	40,362	36,251
Executive Council		
Occupational Health and Safety Research and Education	3,062	2,396
Electronic Products Test Centre	4,225	—
Hospitals and Medical Care		
Alberta Children's Provincial General Hospital	40,477	40,477
Applied Cancer Research	24,827	21,033
Applied Heart Disease Research	29,341	29,341
Tom Baker Cancer Centre and Special Services Facility	93,204	93,204
Walter C. Mackenzie Health Sciences Centre	311,998	268,009
Alberta Heritage Foundation for Medical Research Endowment Fund	300,000	300,000
Public Works, Supply and Services		
Capital City Recreation Park	42,243	42,243
Fish Creek Provincial Park (Land)	27,796	27,617

Department/Project	1985	1984
	(thousands of dollars)	
Recreation and Parks		
Fish Creek Provincial Park (Development)	$ 16,859	$ 16,687
Kananaskis Country Recreation Development	196,627	183,141
Urban Parks	62,464	40,352
Transportation		
Airport Terminal Buildings	16,359	16,359
	2,162,393	1,934,638
	$2,362,392	$2,134,638

(a) The outstanding balance of the loan to Vencap Equities Alberta Ltd. (Vencap) is repayable in instalments of $1,000 in each of the years 1985 to 2002, inclusive, in instalments of $15,000,000 in each of the years 2003 to 2012, inclusive, and a final instalment of $49,981,000 in 2013. In the current year interest on the participating debenture securing the loan amounts to 50% (1984 — 50%) of the defined net income of Vencap (net income after deducting a portion of debenture issue costs but before income taxes and certain interest expense). This percentage reduces as the loan is repaid and convertible debentures amounting to $40,000,000, maturing July 2, 1998, and guaranteed by the Province, are converted or redeemed. For 20 years following full repayment of the loan, the Fund will receive 10% of the defined net income of Vencap.

As further consideration for the loan the Province has been granted an option to purchase up to 4,000,000 special shares at $1 each, exclusive to the Province, convertible into common shares of Vencap. The purchase option expires on the later of the repayment of the loan and the redemption or conversion of the convertible debentures, on which later date the 20% voting rights attaching to each and all of the special shares, cease.

Find out more about the Heritage Fund

96% of Albertans want our Heritage Fund to continue. But a significant number want to know more about this unique fund and how it works for us all.

We want answers to questions like: How does the Heritage Fund help *diversify* our economy? How does it help create job opportunities? What is it doing for agriculture? Our health and recreation? Education?

Here's how:

To answer these questions and many more, a series of folders is available. Pick them up at the display racks in Alberta Treasury Branches or many public buildings. Or you can mail this coupon.

Alberta
TREASURY

TO: **Alberta Treasury, Room 434, Terrace Building, Edmonton, Alberta T5K 2C3**

Yes, I would like the Heritage Fund folders on the subjects I have checked:

☐ Agriculture	☐ Energy Development	☐ Heritage Fund Balance Sheet	☐ Medical Research
☐ Broadening Alberta's Economic Horizons	☐ Environment	☐ Housing	☐ Rainy Days and Future Generations
☐ Education	☐ Health Care	☐ Investments	☐ Recreation

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